Canada

Debates of the Senate

OFFICIAL REPORT

THE HONOURABLE WISHART McLEA ROBERTSON, P.C.,
SPEAKER

1953-54

FIRST SESSION, TWENTY-SECOND PARLIAMENT
2-3 ELIZABETH II

The Session was opened on November 12, 1953,
and was prorogued on June 26, 1954.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1954.

THE MINISTRY

According to Precedence

NOVEMBER 12, 1953—JUNE 26, 1954

THE RIGHT HONOURABLE LOUIS STEPHEN ST. LAURENT ..... Prime Minister and President of the Privy Council.

THE RIGHT HONOURABLE CLARENCE DECATUR HOWE ..... Minister of Trade and Commerce and Minister of Defence Production.

THE RIGHT HONOURABLE JAMES GARFIELD GARDINER ..... Minister of Agriculture.

THE HONOURABLE BROOKE CLAXTON .... Minister of National Defence.

THE HONOURABLE LIONEL CHEVRIER .... Minister of Transport.

THE HONOURABLE PAUL JOSEPH JAMES MARTIN ..... Minister of National Health and Welfare.

THE HONOURABLE DOUGLAS CHARLES ABBOTT ..... Minister of Finance and Receiver General.

THE HONOURABLE JAMES J. MCCANN ... Minister of National Revenue.

THE HONOURABLE MILTON FOWLER GREGG ..... Minister of Labour.

THE HONOURABLE LESTER BOWLES PEARSON ..... Secretary of State for External Affairs.

THE HONOURABLE STUART SINCLAIR GARSON ..... Minister of Justice and Attorney General.

THE HONOURABLE ROBERT HENRY WINTERS ..... Minister of Public Works.

THE HONOURABLE HUGUES LAPOINTE ... Minister of Veterans Affairs.

THE HONOURABLE WALTER EDWARD HARRIS ..... Minister of Citizenship and Immigration.

THE HONOURABLE GEORGE PRUDHAM .... Minister of Mines and Technical Surveys.

THE HONOURABLE ALCIDE COTÉ ..... Postmaster General.

THE HONOURABLE JAMES SINCLAIR ..... Minister of Fisheries.

83280—A½

THE HONOURABLE RALPH OSBORNE CAMPNEY ..... Solicitor General (*to January 11, 1954*) and Associate Minister of National Defence.

THE HONOURABLE WILLIAM ROSS MACDONALD ..... Leader of the Government in the Senate and (*from January 12, 1954*) Solicitor General.

THE HONOURABLE JOHN WHITNEY PICKERSGILL ..... Secretary of State.

THE HONOURABLE JEAN LESAGE ..... *Minister of Resources and Development.

**Name of Department changed to Northern Affairs and National Resources, December 16, 1953.*

PARLIAMENTARY ASSISTANTS

NOVEMBER 12, 1953—JUNE 26, 1954

*P. E. COTÉ, Esq., M.P. ..... to the Minister of Labour.

R. MCCUBBIN, Esq., M.P. ..... to the Minister of Agriculture.

J. W. MACNAUGHT, Esq., M.P. ..... to the Minister of Fisheries.

J. A. BLANCHETTE, Esq., M.P. ..... to the Minister of National Defence.

W. M. BENIDICKSON, Esq., M.P. ..... to the Minister of Finance.

J. G. L. LANGLOIS, Esq., M.P. ..... to the Minister of Transport.

J. H. DICKEY, Esq., M.P. ..... to the Minister of Defence Production.

W. G. WEIR, Esq., M.P. ..... to the Prime Minister.

C. E. BENNETT, Esq., M.P. ..... to the Minister of Veterans Affairs.

R. PINARD, Esq., M.P. ..... to the Secretary of State for External Affairs.

F. G. ROBERTSON, Esq., M.P. ..... to the Minister of National Health and Welfare.

M. BOURGET, Esq., M.P. ..... to the Minister of Public Works.

T. A. M. KIRK, Esq., M.P. ..... to the Postmaster General.

**Resigned; appointed a Justice of the Superior Court of Quebec as of January 1, 1954.*

PRINCIPAL OFFICERS OF THE PRIVY COUNCIL

Clerk of the Privy Council and Secretary to the Cabinet ..... R. B. BRYCE, Esquire. (*As of January 1, 1954*)

Assistant Clerk of the Privy Council.. A. M. HILL, Esquire.

SENATORS OF CANADA

ACCORDING TO SENIORITY

NOVEMBER 12, 1953—JUNE 26, 1954

THE HONOURABLE WISHART McLEA ROBERTSON, P.C., SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
JAMES A. CALDER, P.C.	Saltcoats	Regina, Sask.
ARTHUR C. HARDY, P.C.	Leeds	Brockville, Ont.
WILLIAM ASHBURY BUCHANAN	Lethbridge	Lethbridge, Alta.
WILLIAM H. McGUIRE	East York	Toronto, Ont.
DONAT RAYMOND	De la Vallière	Montreal, Que.
CAIRINE R. WILSON	Rockcliffe	Ottawa, Ont.
JAMES H. KING, P.C.	Kootenay East	Victoria, B.C.
ARTHUR MARCOTTE	Ponteix	Ponteix, Sask.
*WILLIAM HENRY DENNIS	Halifax	Halifax, N.S.
RALPH BYRON HORNER	Blaine Lake	Blaine Lake, Sask.
WALTER MORLEY ASELTINE	Rosetown	Rosetown, Sask.
FELIX P. QUINN	Bedford-Halifax	Bedford, N.S.
IVA CAMPBELL FALLIS	Peterborough	Peterborough, Ont.
JOHN T. HAIG	Winnipeg	Winnipeg, Man.
JOHN WALLACE DE B. FARRIS	Vancouver South	Vancouver, B.C.
ADRIAN K. HUGESSEN	Inkerman	Montreal, Que.
NORMAN P. LAMBERT	Ottawa	Ottawa, Ont.
J. FERNAND FAFARD	De la Durantaye	L'Islet, Que.
ARTHUR LUCIEN BEAUBIEN	Provencher	St. Jean Baptiste, Man.
JOHN J. STEVENSON	Prince Albert	Waskesiu, Sask.
ARISTIDE BLAIS	St. Albert	Edmonton, Alta.
CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke, Que.
ÉLIE BEAUREGARD, P.C.	Rougemont	Outremont, Que.
SALTER ADRIAN HAYDEN	Toronto	Toronto, Ont.
NORMAN McLEOD PATERSON	Thunder Bay	Fort William, Ont.

**Deceased, January 18, 1954.*

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
*WILLIAM JAMES HUSHION	Victoria	Westmount, Que.
JOSEPH JAMES DUFFUS	Peterborough West	Peterborough, Ont.
WILLIAM DAUM EULER, P.C.	Waterloo	Kitchener, Ont.
LÉON MERCIER GOUIN	De Salaberry	Montreal, Que.
THOMAS VIEN, P.C.	De Lorimier	Outremont, Que.
PAMPHILE RÉAL DUTREMBLAY	Repentigny	Montreal, Que.
WILLIAM RUPERT DAVIES	Kingston	Kingston, Ont.
JAMES PETER MCINTYRE	Mount Stewart	Mount Stewart, P.E.I.
GORDON PETER CAMPBELL	Toronto	Toronto, Ont.
WISHART MCL. ROBERTSON, P.C. (Speaker)	Shelburne	Truro, N.S.
TELESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe, Que.
ARMAND DAIGLE	Mille Iles	Montreal, Que.
CYRILLE VAILLANCOURT	Kennebec	Lévis, Que.
JACOB NICOL	Bedford	Sherbrooke, Que.
THOMAS ALEXANDER CRERAR, P.C.	Churchill	Winnipeg, Man.
WILLIAM HORACE TAYLOR	Norfolk	R. R. 3, Brantford, Ont.
FRED WILLIAM GERSHAW	Medicine Hat	Medicine Hat, Alta.
JOHN POWER HOWDEN	St. Boniface	Norwood Grove, Man.
VINCENT DUPUIS	Rigaud	Montreal, Que.
CHARLES L. BISHOP	Ottawa	Ottawa, Ont.
JOHN JAMES KINLEY	Queen's-Lunenburg	Lunenburg, N.S.
CLARENCE JOSEPH VENIOT	Gloucester	Bathurst, N.B.
ARTHUR WENTWORTH ROEBUCK	Toronto-Trinity	Toronto, Ont.
JOHN ALEXANDER MCDONALD	King's	Halifax, N.S.
ALEXANDER NEIL MCLEAN	Southern New Brunswick	Saint John, N.B.
FREDERICK W. PIRIE	Victoria-Carleton	Grand Falls, N.B.
GEORGE PERCIVAL BURCHILL	Northumberland	South Nelson, N.B.
JEAN MARIE DESSUREAULT	Stadacona	Quebec, Que.
JOSEPH RAOUL HURTUBISE	Nipissing	Sudbury, Ont.
PAUL HENRI BOUFFARD	Grandville	Quebec, Que.
JAMES GRAY TURGEON	Cariboo	Vancouver, B.C.
STANLEY STEWART MCKEEN	Vancouver	Vancouver, B.C.
THOMAS FARQUHAR	Algoma	Little Current, Ont.
JOSEPH WILLIE COMEAU	Clare	Comeauville, N.S.
GEORGE HENRY ROSS	Calgary	Calgary, Alta.
THOMAS H. WOOD	Regina	Regina, Sask.
JAMES ANGUS MACKINNON, P.C.	Edmonton	Edmonton, Alta.

Deceased, January 28, 1954.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
THOMAS VINCENT GRANT	Montague	Montague, P.E.I.
(3) HENRY READ EMMERSON	Dorchester	Dorchester, N.B.
JOSEPH ADÉLARD GODBOUT	Montarville	Frelighsburg, Que.
WILLIAM ALEXANDER FRASER	Trenton	Trenton, Ont.
WILLIAM HENRY GOLDING	Huron-Perth	Seaforth, Ont.
GEORGE H. BARBOUR	Prince	Charlottetown, P.E.I.
ALEXANDER BOYD BAIRD	St. John's	St. John's, Nfld.
RAY PETTEN	Bonavista	St. John's, Nfld.
THOMAS REID	New Westminster	New Westminster, B.C.
J. WESLEY STAMBAUGH	Bruce	Bruce, Alta.
(1) VINCENT P. BURKE	St. Jacques	St. John's, Nfld.
GORDON B. ISNOR	Halifax-Dartmouth	Halifax, N.S.
CHARLES G. HAWKINS	Milford-Hants	Milford Station, N.S.
CALVERT C. PRATT	St. John's West	St. John's, Nfld.
MICHAEL G. BASHA	West Coast	Curling, Nfld.
MARIANA BEAUCHAMP JODOIN	Sorel	Montreal, Que.
MURIEL MCQUEEN FERGUSSON	Fredericton	Fredericton, N.B.
(2) J. WALTER JONES	Queen's	Bunbury, P.E.I.
ALLAN L. WOODROW	Toronto-Centre	Toronto, Ont.
FREDERICK GORDON BRADLEY, P.C.	Bonavista-Twillingate	Bonavista, Nfld.
WILLIAM ROSS MACDONALD, P.C.	Brantford	Brantford, Ont.
JOSEPH ARTHUR BRADETTE	Cochrane	Cochrane, Ont.
LEONARD DAVID SWEEZEY TREMBLAY	Lauzon	St. Malachie, Que.
SARTO FOURNIER	De Lanaudiére	Montreal, Que.
AUREL D. LÉGER	Kent	Grande Digue, N.B.
JOHN J. CONNOLLY	Ottawa West	Ottawa, Ont.
NANCY HODGES	Victoria	Victoria, B.C.

(1) *Deceased, December 19, 1953.*
(2) *Deceased, March 31, 1954.*
(3) *Deceased, June 21, 1954.*

SENATORS OF CANADA

ALPHABETICAL LIST

NOVEMBER 12, 1953—JUNE 26, 1954

THE HONOURABLE WISHART McLEA ROBERTSON, P.C., SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ASELTINE, WALTER M.	Rosetown	Rosetown, Sask.
BAIRD, ALEXANDER BOYD	St. John's	St. John's, Nfld.
BARBOUR, GEORGE H.	Prince	Charlottetown, P.E.I.
BASHA, MICHAEL G.	West Coast	Curling, Nfld.
BEAUBIEN, ARTHUR L.	Provencher	St Jean Baptiste, Man.
BEAUREGARD, ÉLIE, P.C.	Rougemont	Outremont, Que.
BISHOP, CHARLES L.	Ottawa	Ottawa, Ont.
BLAIS, ARISTIDE	St Albert	Edmonton, Alta.
BOUCHARD, TÉLESPHORE DAMIEN	The Laurentides	St. Hyacinthe, Que.
BOUFFARD, PAUL HENRI	Grandville	Quebec, Que.
BRADETTE, JOSEPH ARTHUR	Cochrane	Cochrane, Ont.
BRADLEY, FREDERICK GORDON, P.C.	Bonavista-Twillingate	Bonavista, Nfld.
BUCHANAN, WILLIAM A.	Lethbridge	Lethbridge, Alta.
BURCHILL, GEORGE PERCIVAL	Northumberland	South Nelson, N.B.
(1) BURKE, VINCENT P.	St. Jacques	St. John's, Nfld.
CALDER, JAMES A., P.C.	Saltcoats	Regina, Sask.
CAMPBELL, G. PETER	Toronto	Toronto, Ont.
COMEAU, JOSEPH WILLIE	Clare	Comeauville, N.S.
CONNOLLY, JOHN J.	Ottawa West	Ottawa, Ont.
CRERAR, THOMAS ALEXANDER, P.C.	Churchill	Winnipeg, Man.
DAIGLE, ARMAND	Mille Isles	Montreal, Que.
DAVIES, WILLIAM RUPERT	Kingston	Kingston, Ont.
(2) DENNIS, WILLIAM HENRY	Halifax	Halifax, N.S.
DESSUREAULT, JEAN MARIE	Stadacona	Quebec, P.Q.
DUFFUS, JOSEPH JAMES	Peterborough West	Peterborough, Ont.
DUPUIS, VINCENT	Rigaud	Montreal, Que.

(1) *Deceased, December 19, 1953.*
(2) *Deceased, January 18, 1954.*

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
DUTREMBLAY, PAMPHILE RÉAL	Repentigny	Montreal, Que.
(3) EMMERSON, HENRY READ	Dorchester	Dorchester, N.B.
EULER, WILLIAM D., P.C	Waterloo	Kitchener, Ont.
FAFARD, J. FERNAND	De la Durantaye	L'Islet, Que.
FALLIS, IVA CAMPBELL	Peterborough	Peterborough, Ont.
FARQUHAR, THOMAS	Algoma	Little Current, Ont.
FARRIS, JOHN WALLACE DE B	Vancouver South	Vancouver, B.C.
FERGUSSON, MURIEL MCQUEEN	Fredericton	Fredericton, N.B.
FOURNIER, SARTO	De Lanaudière	Montreal, Que.
FRASER, WILLIAM ALEXANDER	Trenton	Trenton, Ont.
GERSHAW, FRED WILLIAM	Medicine Hat	Medicine Hat, Alta.
GODBOUT, JOSEPH ADÉLARD	Montarville	Frelighsburg, Que.
GOLDING, WILLIAM HENRY	Huron-Perth	Seaford, Ont.
GOUIN, LÉON MERCIER	De Salaberry	Montreal, Que.
GRANT, THOMAS VICENT	Montague	Montague, P.E.I.
HAIG, JOHN T	Winnipeg	Winnipeg, Man.
HARDY, ARTHUR C., P.C	Leeds	Brockville, Ont.
HAWKINS, CHARLES G	Milford-Hants	Milford Station, N.S.
HAYDEN, SALTER A	Toronto	Toronto, Ont.
HODGES, NANCY	Victoria	Victoria, B.C.
HORNER, RALPH BYRON	Blaine Lake	Blaine Lake, Sask.
HOWARD, CHARLES B	Wellington	Sherbrooke, Que.
HOWDEN, JOHN POWER	St. Boniface	Norwood Grove, Man.
HUGESSEN, ADRIAN K	Inkerman	Montreal, Que.
HURTUBISE, JOSEPH RAOUL	Nipissing	Sudbury, Ont.
(1) HUSHION, WILLIAM J	Victoria	Westmount, Que.
ISNOR, GORDON B	Halifax-Dartmouth	Halifax, N.S.
JODOIN, MARIANA BEAUCHAMP	Sorel	Montreal, Que.
(2) JONES, J. WALTER	Queen's	Bunbury, P.E.I.
KING, JAMES H., P.C	Kootenay East	Victoria, B.C.
KINLEY, JOHN JAMES	Queen's-Lunenburg	Lunenburg, N.S.
LAMBERT, NORMAN P	Ottawa	Ottawa, Ont.
LÉGER, AUREL D	Kent	Grande Digue, N.B.
MACDONALD, WILLIAM ROSS, P.C	Brantford	Brantford, Ont.
MACKINNON, JAMES ANGUS, P.C	Edmonton	Edmonton, Alta.

(1) *Deceased, January 28, 1954.*
(2) *Deceased, March 31, 1954.*
(3) *Deceased, June 21, 1954.*

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
MARCOTTE, ARTHUR	Ponteix	Ponteix, Sask.
McDONALD, JOHN ALEXANDER	King's	Halifax, N.S.
McGUIRE, WILLIAM H.	East York	Toronto, Ont.
McINTYRE, JAMES P.	Mount Stewart	Mount Stewart, P.E.I.
McKEEN, STANLEY STEWART	Vancouver	Vancouver, B.C.
McLEAN, ALEXANDER NEIL	Southern New Brunswick	Saint John, N.B.
NICOL, JACOB	Bedford	Sherbrooke, Que.
PATERSON, NORMAN McL.	Thunder Bay	Fort Wiillam, Ont.
PETTEN, RAY	Bonavista	St.. John's, Nfld.
PIRIE, FREDERICK W.	Victoria-Carleton	Grand Falls, N.B.
PRATT, CALVERT C.	St. John's West	St. John's, Nfld.
QUINN, FELIX P.	Bedford-Halifax	Bedford, N.S.
RAYMOND, DONAT	De la Vallière	Montreal, Que.
REID, THOMAS	New Westminster	New Westminster, B.C.
ROBERTSON, WISHART McL., P.C. (Speaker)	Shelburne	Truro, N.S.
ROEBUCK, ARTHUR WENTWORTH	Toronto-Trinity	Toronto, Ont.
ROSS, GEORGE HENRY	Calgary	Calgary, Alta.
STAMBAUGH, J. WESLEY	Bruce	Bruce, Alta.
STEVENSON, JOHN J.	Prince Albert	Wakesiu, Sask.
TAYLOR, WILLIAM HORACE	Norfolk	R. R. 3, Brantford, Ont.
TREMBLAY, LEONARD DAVID SWEEZEY	Lauzon	St. Malachie, Que.
TURGEON, JAMES GRAY	Cariboo	Vancouver, B.C.
VAILLANCOURT, CYRILLE	Kennebec	Lévis, Que.
VENIOT, CLARENCE JOSEPH	Gloucester	Bathurst, N.B.
VIEN, THOMAS, P.C.	De Lorimier	Outremont, Que.
WILSON, CAIRINE R.	Rockcliffe	Ottawa, Ont.
WOOD, THOMAS H.	Regina	Regina, Sask.
WOODROW, ALLAN L.	Toronto-Centre	Toronto, Ont.

SENATORS OF CANADA

BY PROVINCES

NOVEMBER 12, 1953—JUNE 26, 1954

ONTARIO—24

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	ARTHUR C. HARDY, P.C.....*	Brockville.
2	WILLIAM H. MCGUIRE	Toronto.
3	CAIRINE R. WILSON	Ottawa.
4	IVA CAMPBELL FALLIS	Peterborough.
5	NORMAN P. LAMBERT	Ottawa.
6	SALTER ADRIAN HAYDEN	Toronto
7	NORMAN MCLEOD PATERSON	Fort William.
8	JOSEPH JAMES DUFFUS	Peterborough.
9	WILLIAM DAUM EULER, P.C	Kitchener.
10	WILLIAM RUPERT DAVIES	Kingston.
11	GORDON PETER CAMPBELL	Toronto.
12	WILLIAM HORACE TAYLOR	R. R. 3, Brantford.
13	CHARLES L. BISHOP	Ottawa.
14	ARTHUR WENTWORTH ROEBUCK	Toronto.
15	JOSEPH RAOUL HURTUBISE	Sudbury.
16	THOMAS FARQUHAR	Little Current.
17	WILLIAM ALEXANDER FRASER	Trenton.
18	WILLIAM HENRY GOLDING	Seaforth.
19	ALLAN L. WOODROW	Toronto.
20	WILLIAM ROSS MACDONALD, P.C	Brantford.
21	JOSEPH ARTHUR BRADETTE	Cochrane.
22	JOHN J. CONNOLLY	Ottawa.
23	.....	.....
24	.....	.....

QUEBEC—24

	SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
	THE HONOURABLE		
1	DONAT RAYMOND	De la Vallière	Montreal.
2	ADRIAN K. HUGESSEN	Inkerman	Montreal.
3	J. FERNAND FAFARD	De la Durantaye	L'Islet.
4	CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke.
5	ÉLIE BEAUREGARD, P.C.	Rougemont	Outremont.
6	*WILLIAM JAMES HUSHION	Victoria	Westmount.
7	LÉON MERCIER GOUIN	De Salaberry	Montreal.
8	THOMAS VIEN, P.C.	De Lorimier	Outremont.
9	PAMPHILE RÉAL DUTREMBLAY	Repentigny	Montreal.
10	TÉLESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe.
11	ARMAND DAIGLE	Mille Iles	Montreal
12	CYRILLE VAILLANCOURT	Kennebec	Lévis.
13	JACOB NICOL	Bedford	Sherbrooke.
14	VINCENT DUPUIS	Rigaud	Montreal.
15	JEAN MARIE DESSUREAULT	Stadacona	Quebec.
16	PAUL HENRI BOUFFARD	Grandville	Quebec.
17	JOSEPH ADÉLARD GODBOUT	Montarville	Frelighsburg.
18	MARIANA BEAUCHAMP JODOIN	Sorel	Montreal.
19	LEONARD DAVID SWEEZEY TREMBLAY	Lauzon	St. Malachie.
20	SARTO FOURNIER	De Lanaudière	Montreal.
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22			
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**Deceased, January 28, 1954.*

NOVA SCOTIA—10

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	*WILLIAM H. DENNIS	Halifax.
2	FELIX P. QUINN	Bedford.
3	WISHART MCL. ROBERTSON, P.C. (Speaker)	Truro.
4	JOHN JAMES KINLEY	Lunenburg.
5	JOHN ALEXANDER MCDONALD	Halifax.
6	JOSEPH WILLIE COMEAU	Comeauville.
7	GORDON B. ISNOR	Halifax.
8	CHARLES G. HAWKINS	Milford Station.
9		
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Deceased, January 18, 1954.

NEW BRUNSWICK—10

	THE HONOURABLE	
1	CLARENCE JOSEPH VENIOT	Bathurst.
2	ALEXANDER NEIL MCLEAN	Saint John.
3	FREDERICK W. PIRIE	Grand Falls.
4	GEORGE PERCIVAL BURCHILL	South Nelson.
5	*HENRY READ EMMERSON	Dorchester.
6	MURIEL MCQUEEN FERGUSSON	Fredericton.
7	AUREL D. LÉGER	Grande Digue.
8		
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Deceased, June 21, 1954.

PRINCE EDWARD ISLAND—4

	THE HONOURABLE	
1	JAMES PETER MCINTYRE	Mount Stewart.
2	THOMAS VINCENT GRANT	Montague.
3	GEORGE H. BARBOUR	Charlottetown.
4	*J. WALTER JONES	Bunbury.

Deceased, March 31, 1954.

BRITISH COLUMBIA—6

Senators	Post Office Address
The Honourable	
1 James H. King, P.C.	Victoria.
2 John Wallace de B. Farris	Vancouver.
3 James Gray Turgeon	Vancouver.
4 Stanley Stewart McKeen	Vancouver.
5 Thomas Reid	New Westminster.
6 Nancy Hodges	Victoria.

MANITOBA—6

The Honourable	
1 John T. Haig	Winnipeg.
2 Arthur L. Beaubien	St. Jean Baptiste.
3 Thomas Alexander Crerar, P.C.	Winnipeg.
4 John Power Howden	Norwood Grove.
5	
6	

SASKATCHEWAN—6

The Honourable	
1 James A. Calder, P.C.	Regina.
2 Arthur Marcotte	Ponteix.
3 Ralph Byron Horner	Blaine Lake.
4 Walter M. Aseltine	Rosetown.
5 John J. Stevenson	Waskesiu.
6 Thomas H. Wood	Regina.

ALBERTA—6

The Honourable	
1 William Ashbury Buchanan	Lethbridge.
2 Aristide Blais	Edmonton.
3 Fred William Gershaw	Medicine Hat.
4 George Henry Ross	Calgary.
5 James Angus MacKinnon, P.C.	Edmonton.
6 J. Wesley Stambaugh	Bruce.

NEWFOUNDLAND—6

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	ALEXANDER BOYD BAIRD	St. John's.
2	RAY PETTEN	St. John's.
3	*VINCENT P. BURKE	St. John's.
4	CALVERT C. PRATT	St. John's.
5	MICHAEL G. BASHA	Curling.
6	FREDERICK GORDON BRADLEY, P.C	Bonavista.

Deceased, December 19, 1593.

PRINCIPAL OFFICERS OF THE SENATE

L. Clare Moyer, D.S.O., Q.C., B.A., Clerk of the Senate, Clerk of the Parliaments, and Master in Chancery.

John F. MacNeill, Q.C., LL.B., B.A., Law Clerk and Parliamentary Counsel.

Rodolphe Larose, E.D., First Clerk Assistant.

Louvigny de Montigny, Litt.D., Second Clerk Assistant and Chief Translator.

Major C. R. Lamoureux, D.S.O., Gentleman Usher of the Black Rod.

Harvey Armstrong, Chief Clerk of Committees.

H. D. Gilman, Chief Treasury Officer and Assistant to the Clerk of the Parliaments.

B. P. Lake, C.S.R., Editor of Debates and Chief of Reporting Branch.

STANDING COMMITTEE ON DEBATES AND REPORTING

The Honourable Senators

Aseltine	DuTremblay	*Haig
Bishop	Fallis	*Macdonald
Davies (Chairman)	Grant	Tremblay

**Ex officio* member.

Reporters: (English) Graydon Hagen, C.S.R., P. H. Shelton, C.S.R., T. S. Hubbard, Jr., C.S.R., F. C. K. Crockett, C.S.R., F. S. Lawrence, C.S.R.
(French) Victor Lemire, M.B.E., C.S.R.

Translators: The Bureau for Translations.
Louis-Philippe Gagnon, Chief of Debates Division.

CANADA

The Debates of the Senate

OFFICIAL REPORT

THE SENATE

Thursday, November 12, 1953

The Twenty-Second Parliament of Canada having been summoned by Proclamation of the Governor General to meet this day in its First Session for the dispatch of business:

The Senate met at 10.30 a.m.

THE SPEAKER OF THE SENATE

READING OF COMMISSION APPOINTING HON. MR. ROBERTSON

Hon. Wishart McL. Robertson, P.C., having taken the Clerk's chair, rose and said: Honourable senators, I have the honour to inform you that a Commission has been issued under the Great Seal, appointing me Speaker of the Senate.

The said Commission was then read by the Clerk.

The Hon. the Speaker then took the Chair at the foot of the Throne, to which he was conducted by Hon. Arthur L. Beaubien and Hon. Walter M. Aseltine, the Gentleman Usher of the Black Rod preceding.

Prayers.

OPENING OF THE SESSION

The Hon. the Speaker informed the Senate that he had received a communication from the Secretary to the Governor General informing him that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, in his capacity of Deputy Governor General, would proceed to the Senate Chamber to open the First Session of the Twenty-Second Parliament this day at twelve o'clock noon.

NEW SENATORS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received certificates from the Secretary of State of Canada showing that the following Honourable Senators, respectively, have been summoned to the Senate:

Hon. William Ross Macdonald

Hon. Mariana Beauchamp Jodoin

Hon. Muriel McQueen Fergusson

Hon. J. Walter Jones

Hon. Allan L. Woodrow

Hon. Frederick Gordon Bradley

Hon. Joseph Arthur Bradette

Hon. Leonard David Sweezey Tremblay

Hon. Sarto Fournier

Hon. Aurel D. Léger

Hon. John J. Connolly

Hon. Nancy Hodges.

NEW SENATORS INTRODUCED

The Hon. the Speaker having informed the Senate that there were senators without, waiting to be introduced:

The following newly-summoned senators were severally introduced, and presented Her Majesty's writs of summons, which were read by the Clerk, and took the oath prescribed by law, and were seated:

Hon. William Ross Macdonald, P.C., of Brantford, Ontario, introduced between Hon. Mr. Hardy and Hon. Mr. Euler.

Hon. Mariana Beauchamp Jodoin, of Montreal, Quebec, introduced between Hon. Mr. Macdonald and Hon. Mr. Beauregard.

Hon. Muriel McQueen Fergusson, of Fredericton, New Brunswick, introduced between Hon. Mr. Macdonald and Hon. Mr. Burchill.

Hon. J. Walter Jones, of Bunbury, Prince Edward Island, introduced between Hon. Mr. Macdonald and Hon. Mr. McIntyre.

Hon. Allan L. Woodrow, of Toronto, Ontario, introduced between Hon. Mr. Macdonald and Hon. Mr. Campbell.

Hon. Frederick Gordon Bradley, P.C., of Bonavista, Newfoundland, introduced between Hon. Mr. Macdonald and Hon. Mr. Baird.

Hon. Joseph Arthur Bradette, of Cochrane, Ontario, introduced between Hon. Mr. Macdonald and Hon. Mr. Golding.

Hon. Leonard David Sweezey Tremblay, of St. Malachie, Quebec, introduced between Hon. Mr. Macdonald and Hon. Mr. Bouffard.

Hon. Sarto Fournier, of Montreal, Quebec, introduced between Hon. Mr. Macdonald and Hon. Mr. Beauregard.

Hon. Aurel D. Leger, of Grande Digue, New Brunswick, introduced between Hon. Mr. Macdonald and Hon. Mr. Veniot.

Hon. John J. Connolly, of Ottawa, Ontario, introduced between Hon. Mr. Macdonald and Hon. Mr. Lambert.

Hon. Nancy Hodges, of Victoria, British Columbia, introduced between Hon. Mr. Macdonald and Hon. Mr. King.

The Hon. the Speaker informed the Senate that each of the newly-summoned senators had made and subscribed the declaration of qualification required under the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the same.

PRESIDENT EISENHOWER

ADDRESS TO MEMBERS OF SENATE AND HOUSE OF COMMONS

The Hon. the Speaker: As honourable senators are aware, the President of the United States of America will deliver an address to members of both Houses of Parliament in the Chamber of the House of Commons on Saturday, November 14, at 11 o'clock in the morning. In view of the limited space available in the Senate Gallery of the House of Commons, I have directed that the allocation of seats be confined to the wives or husbands of senators.

THE SPEAKER OF THE SENATE

FELICITATIONS TO HON. MR. ROBERTSON ON HIS APPOINTMENT

Hon. W. Ross Macdonald: Mr. Speaker, may I take this opportunity of expressing to you on my own behalf, and on behalf of my colleagues on this side of the house, my hearty congratulations upon your appointment as Speaker of the Senate.

As a former Speaker of the other place—in fact, it is less than an hour since I gave up my duties in that house—I can speak with feeling on this subject. I know something of the difficulties, trials and tribulations which beset the Speaker. I also know something of the satisfaction which comes to one after having served in that very high office.

You bring to this office, sir, the qualities requisite for the complete fulfilment of the heavy duties attending it. You have had experience in government in your native province of Nova Scotia; and you have been in this honourable house for a considerable number of years, during the last eight of which you have been Leader of the Government in the Senate and a member of the Cabinet. This experience provides a magnificent background for the legislative aspects of your new high office. But, Mr. Speaker, your interests have not been entirely confined to the national scene. Your services to Canada as a delegate to the United Nations, and as a keen proponent of the purposes set out in the North Atlantic Treaty, emphasize your appreciation and understanding of international affairs in these turbulent days.

As a former Speaker in the other place, I know how a Speaker looks to his wife for assistance and how great a help she can be to him in the duties which he must perform. In Mrs. Robertson we are sure that you will have a constant helpmate, and one who will be of great assistance to you by virtue of her charm, her grace and her friendliness.

As Speaker of the Senate you succeed a distinguished group of men, several of whom I see present here this morning. I know that you will enhance the dignity and honour of your office in the days that lie before you.

Mr. Speaker, I am sure I can pledge to you in the discharge of your duties the loyal support and full co-operation of your colleagues. I extend to you again, on behalf of myself and of my colleagues, my very hearty congratulations.

Hon. Senators: Hear, hear.

Hon. W. M. Aseltine: Mr. Speaker, I wish to join with the leader of the government in his congratulations to you on your assuming the very important office of Speaker of this chamber. I had hoped at one time that I myself might occupy that position.

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: However, the satisfying of my ambitions has been limited to one occasion, namely, at a sitting last session when the Speaker was absent and I was requested to take the chair. I appreciated that honour very much indeed, but I found the chair rather confining. Thus I can sympathize with you, Mr. Speaker, in having to sit in that chair hour after hour listening to members of the Senate debating the questions of the day.

Honourable senators, I have known Senator Robertson since he first came into this chamber. He has had the required training for the Speakership, and possesses the dignity necessary to fill that high position. As the leader of the government (Hon. Mr. Macdonald) has just stated, the new Speaker is blessed with a charming and talented wife, who I am sure will help him to carry out his duties in a proper way.

We on this side of the house extend our very best wishes to you, Mr. Speaker. You can rely on our support at all times, provided we think you are giving the right decisions.

Some Hon. Senators: Oh, oh.

Hon. Mr. Aseltine: We wish you to know that we are very pleased by your appointment, and we hope you will enjoy your new position to the full.

The Hon. the Speaker: Honourable senators, I am more grateful than I can say for the very kind expressions of good will and congratulations on the part of the Leader of the Government (Hon. Mr. Macdonald) and the Deputy Leader of the Opposition (Hon. Mr. Aseltine). I must thank them, in addition, for their very kind references to Mrs. Robertson.

I appreciate the remarks of the Leader of the Government on the office which I am now assuming, the duties of which are so well known to him because of his long experience as Speaker of the other house.

I sympathize a little with the Deputy Leader of the Opposition in the fact that circumstances have not been such as to permit of his appointment to the Speakership, which he would grace far better than I can; but as a consolation I would remind him that he is still a young man, and coming events sometimes cast their shadow before them.

Honourable senators, I am deeply appreciative of the honour that has been done me, and I shall at all times endeavour to follow the tradition and example of my distinguished predecessors, who have so worthily upheld the honour, dignity and authority of the Senate of Canada.

Hon. Senators: Hear, hear.

The Senate adjourned during pleasure.

OPENING OF THE SESSION

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as deputy for His Excellency the Governor General, having come and being seated,

The Hon. the Speaker commanded the Gentleman Usher of the Black Rod to proceed to the House of Commons and acquaint that House that: "It is the Right Honourable the Deputy Governor General's desire that they attend him immediately in the Senate."

Who being come,

The Hon. the Speaker said:

Honourable Members of the Senate:

Members of the House of Commons:

I have it in command to let you know that His Excellency the Governor General does not see fit to declare the causes of his summoning the present Parliament of Canada until a Speaker of the House of Commons shall have been chosen, according to law; but this afternoon, at the hour of three o'clock, His Excellency will declare the causes of his calling this Parliament.

The House of Commons withdrew.

The Right Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

The Hon. the Speaker informed the Senate that he had received a communication from the Governor General's Secretary informing him that His Excellency the Governor General would arrive at the Main Entrance of the Houses of Parliament at 3 p.m., and, when it had been signified that all was in readiness, would proceed to the Senate Chamber to open the First Session of the Twenty-Second Parliament.

The Senate adjourned until 2.30 p.m.

SECOND SITTING

The Senate met at 2.30 p.m., the Speaker in the Chair.

The Senate adjourned during pleasure.

ARRIVAL OF HIS EXCELLENCY

At three o'clock His Excellency the Governor General proceeded to the Senate Chamber and took his seat upon the Throne.

The Hon. the Speaker commanded the Gentleman Usher of the Black Rod to proceed to the House of Commons and acquaint that House that it is His Excellency the Governor General's pleasure that they attend him immediately in the Senate Chamber.

The House of Commons being come,

Their Speaker, the Hon. Louis René Beaudoin, said:

May it please Your Excellency,

The House of Commons has elected me their Speaker, though I am but little able to fulfil the important duties thus assigned to me.

If, in the performance of those duties, I should at any time fall into error, I pray that the fault may be imputed to me, and not to the Commons, whose servant I am, and who, through me, the better to enable them to discharge their duty to their Queen and country, humbly claim all their undoubted rights and privileges, especially that they may have freedom of speech in their debates, access to Your Excellency's person at all seasonable times, and that their proceedings may receive from Your Excellency the most favourable interpretation.

The Hon. the Speaker of the Senate answered:

Mr. Speaker, I am commanded by His Excellency the Governor General to declare to you that he freely confides in the duty and attachment of the House of Commons to Her Majesty's Person and Government, and not doubting that their proceedings will be conducted with wisdom, temper and prudence, he grants, and upon all occasions will recognize and allow their constitutional privileges. I am commanded also to assure you that the Commons shall have ready access to His Excellency

upon all seasonable occasions and that their proceedings, as well as your words and actions, will constantly receive from him the most favourable consideration.

SPEECH FROM THE THRONE

His Excellency The Governor General was then pleased to open the First Session of the Twenty-Second Parliament with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

It is a pleasure for me to welcome you to the opening of the Twenty-second Parliament. This is a time when, if peace is maintained, we have every reason to look forward to the continuing development of this prosperous and happy nation.

The coronation of our beloved Queen was an occasion for universal rejoicing. Her devotion to duty, her personal charm and her happy family life have assured Her Majesty of a warm place in the hearts of all her subjects and have strengthened our attachment to the crown and to the traditions of our constitutional system of government.

Following the legislation enacted during the last parliament, the changes in the Royal Style and Titles have been proclaimed by Her Majesty.

Much remains to be done before there can be a permanent and durable peace in the world. My ministers therefore consider it would be unwise for the free nations to slacken our efforts to build up and maintain the necessary strength to deter aggression and they intend to continue to work to that end.

We have every reason for satisfaction that through the use for the first time of collective police action the objective of the United Nations in Korea has been substantially achieved. The aggressors have been driven back, the fighting has ceased and an armistice has been concluded. My government earnestly hopes that a political conference will ultimately succeed in restoring peace in Korea.

Canada has continued to contribute to those international projects which will promote human welfare and thereby remove some of the causes of unrest and dislocation. You will be asked to approve further assistance for relief and rehabilitation, for technical assistance and for continued participation in the Colombo Plan.

The alliance of the North Atlantic nations has been effective thus far in preventing aggression in Europe. My government continues to regard the Treaty as one of the foundation stones of Canada's external policy. The formation of the air division of the Royal Canadian Air Force in Europe is now completed. The brigade group of the Canadian Army is performing its role effectively in the integrated force. Canadian naval strength is increasing.

Canada's total volume of external trade has reached record levels. But dollar shortages in many countries have persisted and continue to create problems for some of our exporters. Another Commonwealth Conference with respect to financial and economic matters is to be held in Australia early in the new year.

Tariff concessions negotiated at Geneva in 1947, at Annecy in 1949, at Torquay in 1950 and 1951 under the General Agreement on Tariffs and Trade have been extended for an additional period.

My ministers are convinced that nations can best achieve economic strength and security through more liberal trade and overseas investment policies and they are continuing their efforts to bring about the progressive reduction of trade restrictions.

At home we continue to enjoy general prosperity although there are some sectors of our economy which have been faced with difficulties. Our farmers have harvested the second largest wheat crop in Canadian history. Private capital investment has reached levels never before attained. Employment is at high levels.

While more houses are being built this year than ever before, the growing population of Canada requires a continued expansion of housing. You will be asked to consider measures to increase and broaden the supply of mortgage money so that more people with moderate incomes will be able to find facilities to assist them to build their own homes.

A bill to amend the Animal Contagious Diseases Act to provide for appropriate compensation to farmers whose hogs suffered from cholera, will be placed before you.

The scheme initiated during the last parliament for insuring boats and certain gear has recently been improved and is helping to meet the hazards of the fishing industry. My government is giving particular attention to the development of markets for our fisheries and to the encouragement of more modern methods in the Atlantic coast fisheries, particularly in the province of Newfoundland where the methods are in the greatest need of improvement.

The strategic importance of the northern part of Canada has increased greatly in recent years. Its place in the economy of Canada is steadily growing and will continue to expand in future. You will be asked to consider a bill to change the designation and orientation of the Department of Resources and Development and to define the responsibilities of the government with respect to the

affairs of the Yukon and the Northwest Territories, including the Arctic Archipelago, and the welfare of the Eskimos.

You will be asked to amend the Pipe Lines Act to give the Board of Transport Commissioners jurisdiction over all companies authorized to construct or operate interprovincial or international oil or gas pipe lines.

The New York State Power Authority has accepted a licence granted by the Federal Power Commission in the United States for the development of the United States share of power in the international rapids section of the St. Lawrence River. It is hoped that litigation in the United States will not have the effect of delaying the construction of the project.

As further steps in helping to improve social welfare, co-ordinated plans for rehabilitation of disabled persons are being worked out with the provinces and a measure to facilitate the establishment nationwide of a federal-provincial assistance program for totally disabled persons will be submitted for your consideration.

As provided by law you will be required to consider this year a complete revision of the Bank Act.

The bill for the complete revision of the Criminal Code which was not finally dealt with in the last Parliament will be submitted for your consideration.

A committee of penal experts has been appointed to examine and report upon methods of parole and remission of sentences.

Other measures which will be placed before you for consideration include bills respecting the Canadian Forces; the United Kingdom Financial Agreement; the Ontario-Manitoba boundary; the extension for another year of the emergency gold mining assistance; and bills to amend the Bank of Canada Act, the Municipal Grants Act, the Explosives Act, the Opium and Narcotic Drug Act, the Customs Act, the Excise Act, the Excise Tax Act, the Atomic Energy Control Act and certain veterans legislation.

Members of the House of Commons:

You will be asked to make provision for all essential services including our national defence and the meeting of our obligations under the United Nations Charter and the North Atlantic Treaty.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence bless your deliberations and help us to come nearer to a true and lasting peace.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAY BILL

FIRST READING

Hon. Mr. Lambert (for Hon. Mr. Macdonald) presented Bill A, an Act relating to railways.

The bill was read the first time.

SPEECH FROM THE THRONE

CONSIDERATION ON TUESDAY NEXT

On motion of Hon. Mr. Lambert (for Hon. Mr. Macdonald), it was ordered that the Speech of His Excellency the Governor General be taken into consideration on Tuesday next.

COMMITTEE ON ORDERS AND PRIVILEGES

APPOINTMENT

Hon. Mr. Lambert (for Hon. Mr. Macdonald), with leave of the Senate, moved:

That all the senators present during this session be appointed a committee to consider the Orders and Customs of the Senate and Privileges of Parliament, and that the said committee have leave to meet in the Senate chamber when and as often as they please.

The motion was agreed to.

COMMITTEE OF SELECTION

APPOINTMENT

Hon. Mr. Lambert (for Hon. Mr. Macdonald), with leave of the Senate, moved:

That pursuant to Rule 77, the following senators, to wit: the Honourable Senators Aseltine, Beaubien, Gouin, Haig, Hugessen, Macdonald, McDonald, Quinn and Taylor be appointed a Committee of Selection to nominate senators to serve on the several Standing Committees during the present session; and to report with all convenient speed the names of the senators so nominated.

The motion was agreed to.

The Senate adjourned until Tuesday, November 17, at 8 p.m.

THE SENATE

Tuesday, November 17, 1953

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

STANDING COMMITTEES

REPORT OF COMMITTEE OF SELECTION CONCURRED IN

Hon. W. Ross Macdonald: Honourable senators, I have the honour to present the report of the Committee of Selection.

The Clerk Assistant, reading:

The Committee of Selection appointed to nominate senators to serve on the several standing committees for the present session, have the honour to report herewith the following list of senators selected by them to serve . . .

Some Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Macdonald: Honourable senators, with leave of the house, I would move at this time that the report be adopted. If that were done the committees could start to work almost immediately. It is very important that one committee start as soon as possible.

Hon. Mr. Reid: Is this something new, to have the report adopted before we know even who is to be on the committees?

Hon. Mr. Macdonald: If there is any objection I will not press the motion.

Hon. Mr. Roebuck: Honourable senators, there is no objection to the passing of the report, if the matter is pressing, but I do not like to see anything passed without its having even been read.

Hon. Mr. Macdonald: I am not pressing the motion.

Hon. Mr. Roebuck: Can the report not be read, so that we may know what we are voting on?

Hon. Mr. Macdonald: I have no objection to the report being read, if that is the wish of honourable senators.

The report was read by the Clerk Assistant as follows:

The Committee of Selection appointed to nominate senators to serve on the several standing committees for the present session, have the honour to report herewith the following list of senators selected by them to serve on each of the following standing committees, namely:—

Joint Committee on the Library

The Honourable the Speaker, the Honourable Senators Aseltine, Blais, Burke, Fallis, Fournier, Gershaw, Gouin, Jones, Lambert, McDonald, Reid, Vien and Wilson.

Joint Committee on Printing

The Honourable Senators Barbour, Blais, Bouffard, Bradette, Bradley, Burke, Comeau, Davies, Dennis, Euler, Fallis, Isnor, Nicol, Stambaugh, Stevenson, Turgeon and Wood.

Joint Committee on the Restaurant

The Honourable the Speaker, the Honourable Senators Beaubien, Fallis, Fergusson, Haig, Howard and McLean.

Standing Orders

The Honourable Senators Beaubien, Bishop, Godbout, *Haig, Hayden, Horner, Howden, Kinley, Leger, *Macdonald, McLean, Pratt, Tremblay and Wood.

* Ex Officio member.

Banking and Commerce

The Honourable Senators Aseltine, Baird, Beaubien, Beauregard, Bouffard, Buchanan, Burchill, Campbell, Crerar, Davies, Dessureault, Emmerson, Euler, Fallis, Farris, Gershaw, Gouin, *Haig, Hardy, Hawkins, Hayden, Horner, Howard, Howden, Hugessen, King, Kinley, Lambert, *Macdonald, MacKinnon, McDonald, McGuire, McIntyre, McKeen, McLean, Nicol, Paterson, Pirie, Pratt, Quinn, Reid, Roebuck, Taylor, Vaillancourt, Vien, Wilson, Wood and Woodrow.

* Ex Officio member.

Transport and Communication

The Honourable Senators Aseltine, Baird, Beaubien, Bouffard, Bradley, Campbell, Connolly, Dessureault, Duffus, Emmerson, Euler, Fafard, Gershaw, Gouin, Grant, *Haig, Hardy, Hawkins, Hayden, Hodges, Horner, Hugessen, Isnor, Jodoin, Jones, King, Kinley, Lambert, *Macdonald, MacKinnon, Marcotte, McGuire, McKeen, McLean, Nicol, Paterson, Quinn, Raymond, Reid, Roebuck, Stambaugh, Veniot, Vien and Wood.

* Ex Officio member.

Miscellaneous Private Bills

The Honourable Senators Baird, Beaubien, Beauregard, Bradette, Bouffard, Connolly, Duffus, Dupuis, Euler, Fafard, Fallis, Farris, Fergusson, Godbout, *Haig, Hayden, Horner, Howard, Howden, Hugessen, Hushion, Lambert, Leger, *Macdonald, McDonald, McIntyre, Nicol, Quinn, Reid, Roebuck, Stambaugh, Taylor and Tremblay.

* Ex Officio member.

Internal Economy and Contingent Accounts

The Honourable Senators Aseltine, Basha, Beaubien, Beauregard, Bouffard, Campbell, Fafard, Fallis, Gouin, *Haig, Hayden, Hodges, Horner, Howard, Isnor, King, Lambert, *Macdonald, Marcotte, McDonald, McLean, Paterson, Quinn, Robertson (Speaker), Vaillancourt, Vien and Wilson. (25)

*Ex officio member.

External Relations

The Honourable Senators Beaubien, Bradette, Bradley, Buchanan, Burke, Dennis, Emmerson, Farquhar, Farris, Fournier, Gouin, *Haig, Hardy, Hayden, Howard, Hugessen, Jodoin, Lambert, *Macdonald, Marcotte, McGuire, McIntyre, McLean, Nicol, Taylor, Turgeon, Vaillancourt, Veniot, Vien and Wilson. (28)

*Ex officio member.

Finance

The Honourable Senators Aseltine, Baird, Barbour, Beaubien, Beauregard, Bouffard, Buchanan, Burchill, Campbell, Crerar, Dupuis, Euler, Fafard, Farris, Fraser, Gershaw, Golding, *Haig, Hawkins, Hayden, Horner, Isnor, King, Lambert, *Macdonald, McDonald, Paterson, Petten, Pirie, Pratt, Quinn, Reid, Roebuck, Stambaugh, Taylor, Turgeon, Vaillancourt, Vien and Woodrow. (37)

*Ex officio member.

Tourist Traffic

The Honourable Senators Baird, Basha, Beaubien, Bishop, Bouchard, Bouffard, Buchanan, Crerar, Daigle, Davies, Dennis, Duffus, Dupuis, DuTremblay, Fraser, Gershaw, *Haig, Horner, Isnor, King, *Macdonald, McLean, Pirie, Roebuck and Ross. (23)

*Ex officio member.

Debates and Reporting

The Honourable Senators Aseltine, Bishop, Davies, DuTremblay, Fallis, Grant, *Haig, *Macdonald and Tremblay. (7)

*Ex officio member.

Divorce

The Honourable Senators Aseltine, Baird, Barbour, Bradley, Euler, Farris, Fergusson, Gershaw, Golding, *Haig, Hodges, Horner, Howard, Howden, Kinley, *Macdonald, Roebuck, Ross and Stevenson. (17)

*Ex officio member.

Natural Resources

The Honourable Senators Aseltine, Barbour, Basha, Beaubien, Bouffard, Burchill, Comeau, Crerar, Davies, Dessureault, Duffus, Dupuis, Farquhar, Fraser, *Haig, Hawkins, Hayden, Horner, Hurtubise, Jones, Kinley, *Macdonald, MacKinnon, McDonald, McIntyre, McKeen, McLean, Nicol, Paterson, Petten, Pirie, Raymond, Ross, Stambaugh, Stevenson, Taylor, Turgeon, Vaillancourt and Wood. (37)

*Ex officio member.

Immigration and Labour

The Honourable Senators Aseltine, Beaubien, Blais, Bouchard, Buchanan, Burchill, Burke, Calder, Campbell, Crerar, Dupuis, Euler, Fallis, Farquhar, Fournier, Gershaw, *Haig, Hardy, Hawkins, Hodges, Horner, Hushion, *Macdonald, MacKinnon, McIntyre, Pirie, Reid, Roebuck, Taylor, Turgeon, Vaillancourt, Veniot, Wilson and Wood. (32)

*Ex officio member.

Canadian Trade Relations

The Honourable Senators Baird, Bishop, Blais, Buchanan, Burchill, Campbell, Crerar, Daigle, Davies, Dennis, Dessureault, Duffus, Euler, Fraser, Gouin, *Haig, Hawkins, Howard, Hushion, Kinley, Lambert, *Macdonald, MacKinnon, McDonald, McKeen, McLean, Nicol, Paterson, Petten, Pirie, Turgeon and Vaillancourt. (30)

*Ex officio member.

Public Health and Welfare

The Honourable Senators Blais, Bouchard, Burchill, Burke, Comeau, Dupuis, Fallis, Farris, Gershaw, Golding, Grant, *Haig, Hawkins, Howden, Hurtubise, Jodoin, Kinley, *Macdonald, McGuire, McIntyre, Pratt, Roebuck, Stambaugh, Veniot and Wilson. (23)

*Ex officio member.

Civil Service Administration

The Honourable Senators Aseltine, Bishop, Bouchard, Calder, Davies, Dupuis, Emmerson, Fafard, Gouin, *Haig, Hurtubise, Kinley, Leger, *Macdonald, Marcotte, Pirie, Quinn, Roebuck, Taylor, Turgeon, and Wilson. (19)

*Ex officio member.

Public Buildings and Grounds

The Honourable Senators Barbour, Connolly, Dessureault, Fafard, Fallis, *Haig, Horner, Lambert, *Macdonald, McGuire, Paterson, Quinn, Stevenson, and Wilson. (12)

*Ex officio member.

All which is respectfully submitted.

W. ROSS MACDONALD,

Chairman.

Hon. Mr. Macdonald: Honourable senators, have I the leave of the house to move that the report be adopted?

Some Hon. Senators: Yes.

Hon. Mr. Macdonald: I so move.

Honourable senators, I might point out that on most committees there are vacancies, and if any honourable members prefer to serve on some committee other than one to which they are appointed, their names may be added. Honourable members will have an opportunity to examine the appointments to the committee more carefully when the report appears in the *Minutes of the Proceedings* and *Hansard* tomorrow.

The motion was agreed to.

PRESIDENT EISENHOWER

ADDRESS TO MEMBERS OF SENATE AND HOUSE OF COMMONS INCLUDED IN TODAY'S REPORT OF DEBATES

Hon. Mr. Macdonald: Honourable senators, I believe that in days gone by it has been the custom to print in *Hansard* any address which has been delivered to a joint meeting of the members of this house and the members of the other house. Honourable members will recall that on Saturday of last week a very notable Address was delivered by the President of the United States, and I would move, with leave of the Senate, that the text of that address be printed in our *Hansard*.

There were other addresses delivered on that day also—by the Prime Minister, the Honourable the Speaker of this house and the Honourable the Speaker of the other house. These addresses also should be covered by my motion.

The motion was agreed to.

See Appendix to today's report.

STANDING COMMITTEES

APPOINTMENT

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate, I move:

That the senators mentioned in the report of the Committee of Selection as having been chosen to serve on the several standing committees during the present session, be and they are hereby appointed to form part of and constitute the several committees with which their respective names appear in said report, to inquire into and report upon such matters as may be referred to them from time to time, and that the Committee on Standing Orders be authorized to send for persons, papers and records whenever required; and also that the Committee on Internal Economy and Contingent Accounts have power, without special reference by the Senate, to consider any matter affecting the internal economy of the Senate, and such committee shall report the result of such consideration to the Senate for action.

The motion was agreed to.

JOINT COMMITTEE ON RESTAURANT

MESSAGE TO COMMONS—LIST OF MEMBERS

Hon. Mr. Macdonald: Honourable Senators, with leave of the Senate, I move:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable the Speaker, the Honourable Senators Beaubien, Fallis, Fergusson, Haig, Howard and McLean, have been appointed a committee to assist the Honourable the Speaker in the direction of the Restaurant of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said restaurant.

The motion was agreed to.

JOINT COMMITTEE ON LIBRARY

MESSAGE TO COMMONS—LIST OF MEMBERS

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate I move:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable the Speaker, the Honourable Senators Aseltine, Blais, Burke, Fallis, Fournier, Gershaw, Gouin, Jones, Lambert, McDonald, Reid, Vien and Wilson, have been appointed a committee to assist the Honourable the Speaker in the direction of the Library of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said library.

The motion was agreed to.

JOINT COMMITTEE ON PRINTING

MESSAGE TO COMMONS—LIST OF MEMBERS

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate I move:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable Senators Barbour, Blais, Bouffard, Bradette, Bradley, Burke, Comeau, Davies, Dennis, Euler, Fallis, Isnor, Nicol, Stambaugh, Stevenson, Turgeon and Wood, have been appointed a committee to superintend the printing of the Senate during the present session, and to act on behalf of the Senate as members of a joint committee of both houses on the subject of the printing of parliament.

The motion was agreed to.

ONTARIO-MANITOBA BOUNDARY BILL

FIRST READING

Hon. Mr. Macdonald presented Bill B, intituled "An Act respecting the boundary between the provinces of Ontario and Manitoba."

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

THE LATE SENATORS MacLENNAN AND DAVIS

TRIBUTES TO THEIR MEMORY

Hon. W. Ross Macdonald: Honourable senators, it is unfortunate that one of the first duties that falls to me to perform upon coming into this house is to pay tribute to the two senators who have been called to the Great Beyond since the dissolution of the last parliament. I refer to the late senator Donald MacLennan, of Cape Breton, and the late Senator John C. Davis, of Winnipeg.

It was my great privilege to have known the late Senator MacLennan intimately when we sat together in the House of Commons some years ago, and the news of his death came as a great shock. It must have been an even greater shock to the members of this chamber where he was an active participant in the proceedings.

The late Senator MacLennan was born on March 22, 1877, at Chimney Corner, near Margaree Harbour, Cape Breton, a son of Flora MacDonald and Donald MacLennan. After receiving his early education in the rural schools of Inverness he qualified as a teacher, and later went to Boston, where he worked for several years. Later on, however, he returned to Nova Scotia, where he attended St. Francis Xavier University, going on to study law at Dalhousie University, from which he graduated in 1905. Following his admission to the Bar, in 1906, he opened practice at Port Hood, and he was active in municipal affairs there, but later he moved to Inverness, where he became county treasurer and stipendiary magistrate.

His first venture into the political field came in 1911, when he was elected to the provincial legislature. Subsequent victories came in 1916 and 1920, when he was re-elected, but in 1926 he was unsuccessful in a bid for a federal seat. However, he was elected to the House of Commons in 1935 and, as many of you recall, was summoned to the Senate in 1940.

He is survived by his wife, the former Matilda MacDaniel, as well as five daughters and three sons.

As I have said, my closest association with the late senator was in the other place. There, the interests of his constituents were his primary consideration and his chief objective in life. In this house his period of service was characterized by active participation both in committees and in the chamber. Probably one of his greatest accomplishments was as a prime mover in the establishment of the now famous Cape Breton Highland Park and Cabot Trail.

"Danny MacLennan" will be sorely missed from the halls of Parliament by his many friends and colleagues. His keen sense of humour and brilliant wit were the passport to great popularity. In his passing, Canada has lost one of its most distinguished public men, and Nova Scotia a worthy son.

Honourable senators must have also been greatly shocked to learn of the passing of Senator John Caswell Davis, of Winnipeg, about three weeks ago. Although I had not known Senator Davis intimately, I shall always remember our pleasant association during our recent visit to England to attend the Coronation of Her Majesty last summer. He was cheerful and appeared in good spirits at that time, but it may well be that the strain of the journey was rather too much for him. The news of his death was received with the deepest regret by his colleagues and the many friends he had made in Ottawa.

The late Senator Davis was born in Montreal in 1888, a son of Anne Jane Caswell and James Daniel Davis. He was educated at Loyola College, Montreal Business College, Laval University and McGill University, receiving degrees in both Arts and Mechanical Engineering.

After entering business in Winnipeg he married Priscilla Guilbault, of St. Boniface, who, together with four children, survive him.

The late senator was active in both the political and business life of Manitoba, and indeed of the country at large. One of his outstanding contributions to national life was as a member of the Advisory Board in the Department of War Services, for which he received the Order of the British Empire. In his own city he served on the Board of Governors of St. Boniface Hospital, and was a member of the executive of the Greater Winnipeg Co-Ordinating Board and the Metropolitan Planning Commission.

On the business and social side of life, he was a member of the Engineering Institute of Canada, the Association of Professional Engineers of Manitoba, the American Society of National Heating and Ventilating Engineers, and the National Fire Protection Association. He was also a member of the Canadian Association of Politics and Economics.

The late Senator Davis was a past district Deputy of the Winnipeg Council of the Knights of Columbus, a Fourth Degree Council, and a past Grand Knight. In 1940 he organized the Knights of Columbus Army Huts campaign.

His gentle manner, combined with great strength of character, won for the late Senator Davis an everlasting memory in the lives and affections of all members of the Senate. To his bereaved widow and children we extend our sympathy, and share in their loss through the passing of a fine gentleman and a great Canadian.

Hon. W. M. Aseltine: Honourable senators, as has been so eloquently stated by the leader of the government (Hon. Mr. Macdonald), this is one of those sad occasions when we assemble to pay tribute to departed colleagues. Since we prorogued last May, two of our respected members have passed to the Great Beyond, and tonight we are meeting to say something about them. Personally, I prefer to praise a man for his good deeds while he is still alive, and I have always tried to do so: nevertheless, on an occasion of this kind it is meet for us to review the fine qualities and good deeds of colleagues who have passed away and bring what comfort we can to the dear ones they have left behind.

Donald MacLennan lived to quite an age; he was over seventy-seven years old when he died. He came from that part of the Maritime Provinces where they take their politics very seriously, and he became one of the keenest politicians I have known.

As has been stated by the leader of the government, soon after Mr. MacLennan was called to the Bar of his native province he began the practice of law in Cape Breton Island and carried it on until almost the day of his death. He gave long and valuable service to Nova Scotia, having been for many years a member of the provincial legislature; and for thirteen years he was a very valuable member of this chamber. I became acquainted with him almost as soon as he was appointed, and grew to like him and to appreciate in the highest degree his friendship. As has been said, he was affectionately known to all of us as "Danny"; and he was a frequent visitor to Room 417, where the honourable senator from Blaine Lake (Hon. Mr. Horner) and I are accustomed to hold forth from about nine o'clock in the morning until around eleven o'clock at night.

Senator MacLennan was a good lawyer. He had a sound legal mind, which he brought to bear in his committee work. Also he had a mind of his own, and was not afraid to express his views. He had a really keen sense of humour, and on many occasions made some very witty addresses in this chamber. All in all, he was a real "character", with many lovable idiosyncrasies.

We are going to miss him very much. He was a faithful attendant not only in the chamber but at meetings of the committees to which he belonged, and gave valuable service to his country by doing his work here so well.

We extend to his widow and eight children our deepest sympathy in their bereavement.

I should also like to make a few remarks about the late Senator Davis. Not having met him until he was appointed to this chamber, I did not know him nearly so well as I did Senator MacLennan. Whereas Senator MacLennan was a member of the Senate for thirteen years, Senator Davis was here for the comparatively short period of approximately four years. However, he was an outstanding senator, an able representative of the cities of Winnipeg and St. Boniface and that part of the great prairie province of Manitoba from which my leader (Hon. Mr. Haig) comes.

Senator Davis was a friendly, congenial person. He was a keen, aggressive and successful businessman who brought to parliament his business experience and acumen. On that account he was a most valuable member of this chamber, and he took quite a prominent part in our work. Last session, upon the death of the late Senator Doone, he took over the chairmanship of the Special Committee on Salacious and Indecent Literature and, near the close of the session, brought down the final report of that committee.

Senator Davis was a man of many attributes. Amongst other things, he was an artist of no mean ability. While he was overseas to attend the Coronation I met him on several occasions and could see that his health was failing. Nevertheless, he found the energy to visit many art galleries and art exhibitions in addition to performing his other duties. When I last saw him he was about to leave for Canada, to take an active part in the federal elections in Manitoba. I warned him against doing such a thing in his condition, but he felt that it was his duty to do so.

We exceedingly regret that this esteemed colleague will no longer be with us, and we extend to his widow and family our deepest sympathy.

Hon. T. A. Crerar: Honourable senators, I must associate myself with the leader of the government (Hon. Mr. Macdonald), and the acting leader opposite (Hon. Mr. Aseltine), in the tributes they have paid to the two colleagues who only six months ago were with us but who have since passed from our midst. It is always sad and melancholy to be present when these tributes must be paid. The occasion provides further evidence that our lives are indeed mortal and that sooner or later our turn must come. I knew the late Senator MacLennan since he first came

to the House of Commons, almost twenty years ago. He was a true Highland Scot, who loved his native province and especially his native Cape Breton Island. He had a fine sense of humour, a great capacity for friendship, a clear insight into the business of parliament and of government and, because of those qualities he was highly esteemed and was able to make a rare contribution to the work of both houses of parliament.

It is true that Senator MacLennan lived beyond the span allotted to man. On one occasion during the last session I was complimenting him upon his appearance and he said to me, "Thank you for the compliment, but I know the years are running out". That proved only too true. His passing is a distinct loss to this house.

Honourable senators, I can speak with much greater knowledge of the late Senator Davis. For almost thirty years we enjoyed each other's friendship, and for fifteen of those years, during the stormy period of my political career in the other house, we were associated in the organization work of the Liberal party in the province of Manitoba. The success achieved here by the Liberal party in the elections of 1935, 1940 and 1945 was in large measure due to his capacity for organization, to the sanity of his judgment and to the manner in which he discharged his duties. Senator Davis was not only a fine public servant, but he built up a large and successful business and held the esteem of both his friends and his competitors. I do not think any higher testimony can be given to a man than to say that he passed through life enjoying and holding the esteem of all those with whom he came in active contact.

As mentioned by the acting leader opposite, Senator Davis was an artist of some note. He made a valuable contribution to the cultural life of Winnipeg and St. Boniface, in which latter city he resided. He was always keenly interested in public affairs; yet his character was such that during all my association with him, often in days of stress and strain, I never heard fall from his lips a word that was unkind or uncharitable to any political opponent, to any business competitor or to anyone else. That to me, in view of our poor human frailties, is a matter of much significance.

He has passed from us. When the funeral service was in progress, the great basilica of St. Boniface was crowded to the doors, not merely by those who knew him intimately, but by people of all parties and from all walks in life. It seemed to me, as I sat throughout the service, that no higher testimony could be paid to the character of a man than was found in the presence there of so many people who had known him.

Many years ago the New England poet Whittier wrote a lovely little poem, entitled *The Red River Voyageur*. In this poem he describes the Roman Catholic Mission, situated on the banks of the river, with its turrets twain, and its bells pealing across the air "to the boatman on the river and the hunter on the plain". The old mission church is gone, and a great stately cathedral has taken its place. Almost within the shadow of that cathedral we laid our friend and colleague to rest, there to sleep his last great sleep, "till the day break, and the shadows flee away."

Hon. J. J. Kinley: Honourable senators, I want to add a few words to the splendid tributes paid by the leader of the government (Hon. Mr. Macdonald), the acting leader of the opposition (Hon. Mr. Aseltine) and the veteran senator from Churchill (Hon. Mr. Crerar). Senator Donald MacLennan was a fellow Nova Scotian, and a long-time friend of mine. I first came to know him as a member of the legislature of Nova Scotia. In those poorer days, we shared a room in the Halifax Hotel; and we served together in the legislature for years. We then came to Ottawa together as members of the House of Commons. Having served there for a time, he was translated to the Senate, and I followed him here five years later.

Senator MacLennan was a keen politician —as most men are in the Island of Cape Breton—and he served his country well. He was a keen debater and was able to discern self-interest from truth very readily. He could be particularly caustic in repartee. He coloured his orations with a pantomime that was very brilliant, and he was highly effective on the platform. But withal he was human, kind and generous. As has been said, he worked in Boston for some years; he earned his way through college, and it was for that purpose that he returned to Boston from time to time. Later, he was called to the Bar of the province of Nova Scotia, and practised his profession on the island of Cape Breton. He was known to his friends as "Little Danny", to distinguish him from other Donalds of the same clan—and he seemed to appreciate the name very much. He and his wife raised a fine family of eight children, and to his widow and children I wish on this occasion to express my sincere sympathy.

Senator Davis came to this chamber later. He sat nearby, in a seat behind me, but I did not know him so well as Senator MacLennan. He was a member of the creative profession of engineering, a profession so necessary to the progress of this country,

and I believe he was eminent in his profession. On the lighter side, he was an artist. I do not pretend to be a judge of art, but on several occasions I was much delighted when he showed me several samples of his work in his office.

To his widow and family I wish to express sincere sympathy in their loss.

The thought occurs to me, and I think it is appropriate to express it on this occasion, in the presence of the new senators who are with us, that a senatorship is perhaps one of the finest appointments in the gift of the Crown. For these appointments Her Majesty's ministers must select persons of constructive achievement, who have given meritorious service. That being so, we know that those who come here must have been successful, to merit their appointment. Certainly the two late senators whose passing we mourn this evening met this high standard. Now that their work is finished here, we can truly feel that they fought a good fight. It seems to me that that is a thought, which should bring a degree of legitimate pride and comfort to those who are under the shadow of sorrow and bereavement at the present time.

Hon. John P. Howden: Honourable senators, I have not previously taken part in tributes to late senators in this chamber, but I feel that I want to do so tonight. "Little Danny" MacLennan was a man truly beloved, as I believe every member of this house who knew him well will testify—and we all knew him well. He was a kind and honourable man, and he had a great fund of harmless humour. He greatly endeared himself to all of us, and we are all very sorry that he is here no more.

I knew Jack Davis for nearly forty years. He was a fellow-townsman of mine: we both came from St. Boniface. To give you an idea of the type of man he was I will say this, that when the Right Honourable Mackenzie King first crossed Canada as leader of the Liberal party not many came out to meet him, and Jack Davis was one of the few from St. Boniface who did. He was a staunch Liberal—whether that be a good thing or a bad thing—he was always a staunch Liberal, as far as I know. Jack Davis took a really big, managerial part in the elections, and if there was a long trip to be made on a nasty, muddy, wet road, when it was cold, and nobody was anxious to go, Jack Davis would go himself, always. He was a hard worker for the Liberal party, and he would leave no stone unturned on its behalf. He was an outstandnig exponent of the party's principles.

His appointment to the Senate was a just appointment and a splendid choice, because he was a good man. He was an engineer, an able speaker, and a good painter, as we have heard. But the important point is that he was a first-class man. Jack Davis had no faults that I know of, which is saying a good deal. In his death this house has suffered a heavy loss. I have already extended my condolences to his wife; and I am sure that the whole chamber feels as I do, very sorry that he is here no more.

Hon. A. K. Hugessen: Honourable senators, there is very little that one can add to what has already been said, and said so eloquently, by the honourable senators who have spoken this evening with regard to two colleagues whom we mourn today. I should like to add just one word about each of them.

As has been said, Senator MacLennan was noted for his wit in this house. He endeared himself to all of us by the pungent and caustic wit with which his speeches were often interlined, for there was one thing about that wit of his: it was never sour and it was never unfriendly, and the victims of it—I myself was one of them on occasions—could laugh at his sallies just as well as every other member of the house.

As has been so truly said, Senator MacLennan was a real Celt. He came from Margaree Valley, in Cape Breton Island, and I sometimes think that men are apt to take on the attributes of the part of the country from which they come. Now, any honourable senator who has been in the Margaree Valley will agree with me that it is one of the most beautiful parts of our country. In some ways it reminds one very strongly of the highlands of Scotland—high and rugged mountains surrounding a smiling, cultivated and fertile valley—and it seemed to me that Senator MacLennan rather typified that. He had a rugged exterior, but under that was to be found kindness and friendliness of spirit.

Now, with regard to Senator Davis, I think I can say that I had known him for a longer time than any other member of this honourable house. He and I entered McGill University, in the Faculty of Engineering, in the autumn of 1908, 45 years ago, and we had been friends since that time. Even at that early date you could tell that he had a great interest in public affairs and a flair for political life. After we graduated from McGill our ways lay apart for many years, but it was no surprise whatsoever to me, and indeed a great delight, when a few years ago I had the great pleasure of welcoming him here to this chamber as one of the two members of the class of McGill 1912 who became members of the Senate. We deplore his loss at a comparatively early age, but I think there is one thing to be said: he was

very happy to be able to attend the Coronation. He and Mrs. Davis had looked forward to it with a great deal of interest and a great deal of anticipation, interest and anticipation that were fully realized in the result. I think he died a happy man, in part because of that. We deplore his loss, and to his widow and to his family we extend our most sincere condolences.

Hon. Norman P. Lambert: Honourable senators, I would like to associate myself and the province of Ontario with all that has been said so well from both sides of the house regarding our two late colleagues. With both of them I enjoyed the privilege of friendship over a considerable number of years. Such occasions as this tend to emphasize more and more the interprovincial character of this chamber. The loss of two members such as they have been, one from Manitoba and the other from Nova Scotia, seems to me to emphasize the fact that we here in this chamber are united in one common devotion to the idea of the unity of Canada.

There are differences which arise, of course from time to time. I always thought that sometimes our friend Senator MacLennan looked with some doubt on Ontario and other "alien" western parts of this country, but there certainly were no geographical limitations to his influence in this house.

I would like to refer particularly to the late Senator John Caswell Davis, because I knew him pretty intimately. I had lived in Winnipeg for several years and I knew him before he came here. When he came here in 1949 he had looked forward for a long time to a seat in this chamber, and I never knew any member of the Senate who cherished more the honour that was conferred upon him than he did.

One of the sad features of his death is that he did not have a longer period in which to express his desire for public service, which was such a genuine and sincere characteristic of his life. He had served well in all three arenas of Canadian citizenship—locally in St. Boniface and Winnipeg, and, as my honourable friend from Churchill (Hon. Mr. Crerar) has pointed out, he rendered active and valuable services to educational, religious, medical and artistic organizations in both provincial and federal affairs. As has also been mentioned, he won the respect and affection of the leader and the rank and file of the party to which he belonged. Apart from those public causes, he had a versatility of mind which was just beginning, I think, to be appreciated more widely in this chamber and elsewhere. He made a success of his profession as an engineer and was identified with many important projects in Western Canada. In art as well as in science he was a competent and able practitioner. He not only painted good pictures himself, but his knowledge of the great artists and galleries of the world was much more extensive than his friends realized.

Before our late colleague left Canada last summer to go abroad with his wife, he told me that as soon as the Coronation ceremonies were over he intended to go to Swansea, Wales, to see a famous mural painting by Frank Brangwyn, who also painted the beautiful decorative panel marking the entrance into the Manitoba legislature. Senator Davis not only visited that famous painting, but he also saw, I am sure, the inside of most of the old cathedrals and art galleries in England.

Incidentally, perhaps I may be permitted to say now that Senator Davis had a strong aversion to the unframed and rather outdated examples of Canadian art which mark the walls of this chamber. With that aversion I must say I agree most heartily.

Reference has been made to the services rendered by the late senator as chairman of the Special Committee on Salacious and Indecent Literature. Like his predecessor in that post, the late Senator Doone, he had a very deep interest in the subject under inquiry, and had he lived would undoubtedly have contributed further to the improvement of the quality and standard of current magazines and books in Canada.

To the wife and children of the late senator Davis, I would convey expressions of deepest sympathy.

In recording my appreciation of the late Senator MacLennan, I am quite aware that at times he looked with some doubt upon those of us who came from more westerly parts of Canada. After he entered this chamber, some thirteen years ago, my relations with the late senator developed into a warm friendship. No member of the Senate took a wider and a more genuine interest in everything that went on here than did our late friend; no member took a more kindly, yet penetrating, interest in everyone of his colleagues than he did. He had a remarkable faculty for penetrating the pretences and vanities of human nature, and he had a great command of humorous satire to apply to such frailties. His friendship was most stimulating and refreshing.

While our late friend was somewhat small of stature, nature had endowed him with a tongue and a wit which made him an opponent to be respected in any company. Although he would have been the last man to seek the description "giant-killer", he might very appropriately have adopted that role.

I, along with my honourable friend from Churchill (Hon. Mr. Crerar), had on two different occasions the pleasure of visiting Cape Breton and spending a little time in that picturesque part of the country where Senator MacLennan lived. Those experiences add colour and understanding to one's memory of him. Just as our old friend Senator Riley carried with him the air of Alberta's ranches and foothills, so Senator MacLennan will always be associated with the rugged hills of Cape Breton. In that attractive corner of Canada, marked by such romantic and poetic names as Margaree, the Cabot Trail, Middlehead and Cape Breton Highlands, the memory of "Danny" MacLennan will be long preserved. I salute him with the greatest respect; and to the surviving members of his family I should like to extend heartfelt sympathy.

Hon. J. A. McDonald: Honourable senators, I wish to associate myself with the eloquent and well-deserved tributes which have been paid to the memory of Senator MacLennan and Senator Davis.

As I sat in my seat this evening I thought what a fine thing it was that we should take time to pay tribute to the memory of those colleagues whom we now revere and what a comfort it will be to Mrs. MacLennan and Mrs. Davis and the members of their families to read the report of this sitting.

It was my privilege to know Senator MacLennan when he was for the third time elected as a member of the Nova Scotia legislature to represent the people of Inverness. He was an able representative; and the respect and admiration which the people of Inverness had for him was shown when on the day of his funeral, October 22, a large number of people from his own constituency and all of the eastern part of Nova Scotia gathered to pay their last respects.

As has been said, his wit and humour were refreshing. In debate he vigorously supported those things which he believed to be right.

It was not my privilege to know the late Senator Davis as well as I knew Senator MacLennan; however, I realize that by his death we have lost another good senator and fine gentleman.

I am sure I express the sentiment of all honourable members of this house when I say that we sincerely sympathize with Mrs. MacLennan, Mrs. Davis, and their families.

Hon. Mr. Macdonald: Honourable senators, as a further mark of respect for the memory of our two dearly beloved deceased senators, I would now move the adjournment of this house.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

ADDRESS

of

DWIGHT D. EISENHOWER

President of the United States of America

to

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS AND THE GENERAL PUBLIC

in the

HOUSE OF COMMONS CHAMBER, OTTAWA

on

SATURDAY, NOVEMBER 14, 1953

The President was welcomed by the Right Honourable Louis S. St. Laurent, Prime Minister of Canada, and thanked by the Honourable Wishart McL. Robertson, P.C., Speaker of the Senate and the Honourable L. René Beaudoin, Speaker of the House of Commons.

Right Hon. Louis S. St. Laurent (Prime Minister): Mr. President, members of the Parliament of Canada, we are greatly honoured by the presence here today of the President of the United States of America. I am sure that I speak not only for those who are seated in this chamber but for all of our fellow Canadians, Mr. President, when I say to you how pleased we are that you have been able to pay another visit to our capital city, this time as the first citizen of your great country.

My words in this chamber do not always meet with unanimous approval, but I know I can say, with absolutely no risk of dissent this time, that we are all most happy that the President is accompanied by his charming wife.

Your visit, sir, marks the third time that the Chief of State of the United States has paid a visit to the capital city of Canada. Just ten years ago your great wartime President honoured us by coming to Ottawa after the first of those historic conferences in Quebec. Mr. Roosevelt set a precedent which I hope will continue to be followed in the future. There can surely be no more tangible evidence of the friendly relationship which exists between our two peoples than friendly visits of this kind between representatives of our two nations.

When I had the privilege of being your guest in Washington earlier this year, Mr. President, I found evidence among all those whom I was privileged to meet of a warm and friendly feeling for the people of Canada. That is only one reason why I hope—and all Canadians both in this chamber and outside will share that hope—that you will return to Washington with an increased consciousness of our high regard for the American people and for yourself. We would also like you to know that we are grateful for the leadership your nation is providing in the common effort of free men and women to make our world a safer and better place for future generations.

This leadership given by the United States is moreover untainted by any desire for national self-aggrandizement. By positive and unselfish actions, which are unique in history, the American people have recognized that threats to the safety and well-being of liberty-loving peoples anywhere are threats to all peoples everywhere who believe in the dignity and freedom of the individual. Your nation's contributions to the restoration of war-devastated lands have been generous to an extent unprecedented in international relations. Your example, as a member of the United Nations, of vigorous and immediate resistance to wanton aggression has

revived the hopes of anxious peoples that, through collective action, international peace may be secured and maintained.

The characteristically energetic manner in which the United States has fulfilled the responsibilities it has voluntarily assumed has been interpreted by a few detractors as an indication that your country is seeking to impose its policies on or dominate the life of other free nations.

We Canadians are in the best position to know how false are such suspicions. Although your population and your economic and military strength are many times greater than ours, we have no fear that this strength will be used to threaten or overawe us. We are the more secure because you are a good as well as a strong neighbour. No guns have been fired in anger across our borders for almost a century and a half. The only invasions from the south are of the annual friendly variety when millions of your compatriots travel north to share in the enjoyment of our great natural recreational facilities and perhaps to feel the pulse of our growth. Canadians in their turn retaliate by moving in large numbers to experience the entertainment and cultural advantages of your great cities and to bask in the sun of your semi-tropical southlands.

Of course, there are many strong American influences on Canadian life, but these have not prevented the growth of a distinct Canadian feeling and culture, which flourishes and will continue to develop alongside the influences of your dynamic society. This is as it should be, for our own history teaches us that co-operation can be closer when differences are recognized. Likewise, the co-operation between our two countries is deep and close because it is free and desired, not something imposed upon a reluctant people by a powerful neighbour.

We in Canada also feel, Mr. President, that the powerful influence which your nation exerts in the world community is, in action as well as in aim, an influence for good, and we welcome it.

Together, the United States and Canada prove to the world that a great power and a lesser power can work in harmony without the smaller being submerged by his bigger neighbour. We Canadians know that in the interests of our mutual defence we can wisely and safely pool many of our military resources with yours in a security system which is genuinely collective. We know, too, that through the instruments of diplomacy and through direct negotiation we can solve amicably and justly the many problems which arise along our lengthy common border. Sometimes we may wish they could be solved more rapidly, but we know they can be solved in the end. And we also know that when the Canadian view on any matter is different from the American view, our opinions will be listened to with patience and respect.

That our two nations get along so well is due in no small part to the leaders whom the American people, in their wisdom, have chosen. It is particularly gratifying to Canadians to see in you, Mr. President, the Supreme Commander of the second world war, under whose inspiring leadership the fighting men and women of Canada made their contribution to victory, and to see in you also the first Supreme Commander in Europe of the North Atlantic Alliance. In that capacity you received into your command the Canadian brigade group in Germany and laid the plans for the Canadian air division which is now in Europe.

As a supreme commander in war and in peace, and as the political head of your nation, you have justly earned a reputation for fair-mindedness and friendliness, sincerity and integrity. Those are noble qualities. They no doubt are the qualities which inspired the editorial writer of one of our leading newspapers on learning of your visit to this country to say:

> The President of the United States will be welcome to Canada, welcome not only as head of a great world power but as a man we have already met and liked, admired and respected.

(Translation):

Mr. President, in this country and in this house where there are two official languages, I wish also to tell you in the language of my French ancestors that all my fellow-citizens of the same origin as mine are just as happy as our English-speaking Canadians to have this opportunity of wishing you and Mrs. Eisenhower the heartiest welcome and to assure you of our highest consideration.

(Text):

Ladies and gentlemen, the President of the United States of America.

Mr. Dwight D. Eisenhower (President of the United States of America): Mr. Speaker of the Senate, Mr. Speaker of the House, Mr. Prime Minister, members of the Canadian Houses of Parliament, distinguished guests and friends:

(Translation):

I also extend greetings to my French-speaking Canadian friends. I know that I am very foolhardy in even trying to express myself in this tongue. Therefore, I crave

your indulgence for all the mistakes which I may make in personally and directly expressing to you my feelings of friendship and of high esteem.

I salute you also for the important part which you have played, in co-operation with your English-speaking fellow-citizens, in the development of this great country.

(Text):

Mr. Prime Minister, for the very great generosity of the personal welcome that you have expressed toward me I am humbly grateful; as well as for the reception that Mrs. Eisenhower and I have experienced here and throughout this city. We should like to extend to all your people our very deep appreciation, especially for the honour of being received before this body. I assure you that you have given us distinction that we shall never forget.

Since world war II I have now been privileged three times to visit this great country and this beautiful city.

On my first visit, more than seven years ago, I came to express to the Canadian people a field commander's appreciation of their memorable contribution in the liberation of the Mediterranean and European lands. On my second, I came to discuss with your governmental leaders your country's role in the building of Atlantic security. Both visits, in the warmth and spirit of a great people's welcome, were days that I shall remember all my life.

This day I again salute the men and women of Canada.

As I stand before you, my thoughts go back to the days of global war. In that conflict, and then through the more recent savage and grievous Korean battles, the Canadian people have been valorous champions of freedom for mankind. Within the framework of NATO, in the construction of new patterns of international security, in the lengthy and often toilsome exploration of a regional alliance, they have been patient and wise devisers of a stout defence for the western world. Canada, rich in natural gifts, far richer in human character and genius, has earned the gratitude and the affectionate respect of all who cherish freedom and seek peace.

I am highly honoured by the invitation of the parliament of Canada that I address it. For your invitation is rooted in the friendship and sense of partnership that for generations have been the hallmark of relations between Canada and the United States. Your country, my country—each is a better and stronger and more influential nation because each can rely upon every resource of the other in days of crisis. Beyond this each can work and grow and prosper with the other through years of quiet peace.

We of our country have long respected and admired Canada as a bulwark of the British commonwealth and a leader among nations. As no Soviet wile or lure can divide the commonwealth, nothing will corrupt the Canadian-American partnership.

We have a dramatic symbol of that partnership in the favoured topic of every speaker addressing an audience made up of both our peoples—our unfortified frontier. But though this subject has become shopworn and well-nigh exhausted as a feature of after-dinner oratory, it is still a fact that our common frontier grows stronger every year, defended only by friendship. Its strength wells from indestructible and enduring sources—identical ideals of family and school and church, and traditions which come to us from a common past.

Out of this partnership has evolved a progressive prosperity and a general well-being, mutually beneficial, that is without parallel on earth. In the years ahead, the pace of our mutual growth will surely be no less.

To strive, even dimly, to foresee the wonders of Canada's next generation is to summon the utmost powers of the imagination. This land is a mighty reservoir of resources. Across it, at this moment, there moves an extraordinary drama of enterprise and endeavour—Canadians, rapidly building basic industries, converting waters into hydro-electric energy, scrutinizing your soil for new wealth, pushing into the barrens of the north for minerals and oil. You of Canada are building a magnificent record of achievement, and my country rejoices in it.

More than friendship and partnership is signified in the relations between our countries. These relations that today enrich our peoples justify the faith of our fathers that men, given self-government, can dwell at peace among themselves, progressive in the development of their material wealth, quick to join in the defence of their spiritual community, ready to arbitrate differences that may rise to divide them. This parliament is an illustrious symbol of a human craving, a human search, a human right to self-government.

All the free legislatures of the world speak for the free peoples of the world. In their deliberations and enactments they mirror the ideas, the traditions, the fundamental philosophies of their respective nations.

On the other hand, every free nation, secure in its own economic and political stability, reflects the responsible leadership and the wise comprehension which its legislature has brought to the management of public affairs.

This continent uniquely has been a laboratory of self-government, in which free legislatures have been an indispensable force. What is the result? It is a mighty unity built of values essentially spiritual.

This continent, of course, is a single physical and geographical entity. But physical unity, however, broken by territorial lines, fortress chains and trade barriers, is a characteristic of every continent. Here, however, independent and sovereign peoples have built a stage on which all the world can see:

First, each country's patriotic dedication to its own enlightened self-interest, free from vicious nationalistic exploitation of grudge or ancient wrong.

Second, a joint recognition that neighbours, among nations as among individuals, prosper best in neighbourly co-operation, factually exemplified in daily life.

Third, an international will to cast out the bomb and the gun as arbiters and to exalt joint search for truth and justice.

Here on this continent we present an example that other nations some day surely will recognize and apply in their relationships among themselves. My friends, may that day be close because the only alternative—the bankruptcy of armament races and the suicide of nuclear war—cannot for long, must not for long, be tolerated by the human race. Great has been our mutual progress. It foreshadows what we together can accomplish for our mutual good.

Before us of Canada and the United States lies an immense panorama of opportunity in every field of human endeavour. A host of jobs to be done together confront us. Many of them cry for immediate attention. As we examine them together in the work days ahead, we must never allow the practical difficulties that impede progress to blind our eyes to the objectives established by principle and logic.

With respect to some aspects of our future development I hope I may, without presumption, make three observations.

The first is: The free world must come to recognize that trade barriers, although intended to protect a country's economy, often in fact shackle its prosperity. In the United States there is a growing recognition that free nations cannot expand their productivity and economic strength without a high level of international trade.

In our case, our two economies are enmeshed intricately with the world economy. Obviously we cannot risk sudden dislocation in industry and agriculture and widespread unemployment and distress, by hasty decisions to accomplish suddenly what inevitably will come in an orderly economic evolution. "Make haste slowly" is a homely maxim with international validity.

Moreover, every common undertaking, however worth while it may be, must be understood in its origins, its application, its effects by the peoples of our two countries. Without this understanding it will have negligible chance of success. Canadians and citizens of the United States do not accept government by edict or decree. Informed and intelligent co-operation is, for us, the only source of enduring accomplishment.

To study further the whole subject of United States foreign economic policy, we have at home appointed a special commission with wide representation, including members of the Congress as well as spokesmen for the general public. From the commission's studies will come, we hope, a policy which can command the support of the American people and which will be in the best interests of the United States and the free world.

Toward the strengthening of commercial ties between Canada and the United States, officials of our two governments have for some months been considering the establishment of a joint economic and trade committee. This committee, now approved, will consist of cabinet officers of both countries. They will meet periodically to discuss in broad terms economic and trade problems and the means for their equitable solution. I confidently believe that out of this process the best interests of both our countries will be more easily harmonized and advanced.

The second observation is this: Joint development and use of the St. Lawrence-great lakes waterway is inevitable, is sure and certain. With you, I consider this measure a vital addition to our economic and national security. Of course, no proposal yet made is entirely free from faults of some sort. But every one of them can be corrected, given patience and co-operation.

In the United States my principal security advisers, comprising the National Security Council, favour the undertaking for national defence reasons. The cabinet favours it on both security and economic grounds. A committee of the United States Senate has approved a measure authorizing it.

This measure provides for United States participation in a joint development by both countries. The proposal now awaits

action by the United States Senate which, I am confident, will act favourably on it or some similar measure. The ways and means for assuring American co-operation in this great project will, I hope, be authorized and approved during the coming session of the Congress.

I have noted with satisfaction the New York Power Authority's acceptance of the Federal Power Commission's licence. With this act the stage is set for a start on the St. Lawrence power project which will add materially to the economic strength of both countries.

My third observation is this: You of Canada and we of the United States can and will devise ways to protect our North America from any surprise attack by air. And we shall achieve the defence of our continent without whittling our pledges to western Europe or forgetting our friends in the Pacific.

The basic threat of communist purpose still exists. Indeed the latest Soviet communication to the western world is truculent, if not arrogant, in tone. In any event our security plans must now take into account Soviet ability to employ atomic attack on North America as well as on countries, friendly to us, lying closer to the borders of the U.S.S.R. Their atomic stockpile will, of course, increase in size, and means of delivery will improve as time goes on.

Each of our two nations seeks a secure home for realization of its destiny. Defence of our soil presents a challenge to both our peoples. It is a common task. Defensively, as well as geographically, we are joined beyond any possibility of separation. This element in our security problem is an accepted guide of service leaders, government officials and legislatures on both sides of the border.

In our approach to the problem, we both realize that purest patriotism demands and promotes effective partnership. Thus we evolve joint agreements on all those measures we must jointly undertake to improve the effectiveness of our defences, but every arrangement rests squarely on the sovereign nature of each of our two peoples.

Canada and the United States are equal partners and neither dares to waste time. There is a time to be alert and a time to rest. These days demand ceaseless vigilance. We must be ready and prepared. The threat is present. The measures of defence have been thoroughly studied by official bodies of both countries. The Permanent Joint Board on Defence has worked assiduously and effectively on mutual problems. Now is the time for action on all agreed measures.

Steps to defend our continent are of course but one part of the world-wide security program. The North Atlantic Treaty Organization, for example, is an essential defence for Ottawa, for Washington, and for our neighbours to the south, as well as for communities thousands of miles to the eastward. Implicit in the consultations and detailed studies which must continue and in the defences which we have already mounted is the need for world-wide vigilance and strength. But the purpose is defence. We have no other aim.

In common with others of the free world, the United States does not rely on military strength alone to win the peace. Our primary reliance is a unity among us forged of common adherence to moral principles. This reliance binds together in fellowship all those who believe in the spiritual nature of man, as the child of God.

Moreover, our country assuredly claims no monopoly on wisdom. We are willing, nay, anxious, to discuss with friends and with any others all possible paths to peace. We will use every means, from the normal diplomatic exchange to the forum of the United Nations, to further this search. We welcome ideas, expressions of honest difference, new proposals and new interpretations of old ones—anything and everything honestly offered for the advancement of man's oldest aspiration.

There are no insoluble problems. Differences can be resolved; tensions can be relieved. The free world, I deeply believe, holds firmly to this faith, striving earnestly towards what is just and equitable.

My friends, allow me to interpolate here an expression of my own personal faith. I call upon all of you who were in responsible positions, either in civil government or in the military world, in the dark days of 1940, 1941 and 1942. There seemed no place from which to start to conquer the enemy that bid fair to enslave us all. Already he had put most of Europe under his heel. I stop to think of the bewilderment of our people, the fears of our people in those days, and then of how in a few short years we were coming home to celebrate that great victory that we thought could at last mark the end of all wars. We see how fast human outlook can change from one of despondency, almost of despair in many quarters, to one of exultation. Today as we fail to understand the intransigence that we feel marks others, as we try to colour every proposal we make with what we believe to be reason, understanding, even sympathy, as we are nonplussed as to why these offers are never taken up, let us never despair that faith will win through.

The world that God has given us is of course material, intellectual and spiritual in its values. We have to hand over to those who come after us this balance of values, and particularly the certainty that they can enjoy the same kind of opportunity in this spiritual, intellectual and material world that we, who will then be their ancestors, enjoyed before them. That, it seems to me, is the real problem that Canada and the United States today face together. It is one reason I get such a thrill every time I come to this country, because here I sense in the very atmosphere your determination to work in that direction, not acknowledging defeat, certain that we can win, because there are values that man treasures above all things else in the world.

The free world believes that practical problems should be solved practically, that they should be solved by orderly procedure, step by step, so that the foundation for peace, which we are building in concert with other nations, will be solid and unshakeable. I deem it a high privilege to salute, through this their parliament, the Canadian people for the strength they have added to this faith and for the contribution they are making toward its realization.

Beyond the shadow of the atomic cloud, the horizon is bright with promise. No shadow can halt our advance together. For we, Canada and the United States, shall use carefully and wisely the God-given graces of faith and reason as we march together towards the horizon of a world where each man, each family, each nation lives at peace in a climate of freedom.

Hon. Wishart McL. Robertson (Speaker of the Senate): On behalf of the Senate of Canada, Mr. President, may I say to you how greatly we appreciate the visit to Canada of Mrs. Eisenhower and yourself. We are honoured to have you with us. We welcome you as the leader of the allied forces in time of peril. We salute you now as the leader of a mighty nation, bound to us by ties of blood, friendship and common sacrifice. We thank you for the friendly and inspiring address you have just delivered.

We have looked forward to your visit with the keenest anticipation. We remember how successfully you co-ordinated our joint efforts during the last war, and how well you laid the foundation for our joint defence through NATO. We believe, sir, that you, in the high position your people have chosen you to fill, are destined to exercise an even greater influence in the years that lie ahead.

We would ask you, Mr. President, to convey to the people of your country our warmest expression of esteem and friendship. We can never forget the gigantic effort of the people of the United States of America in the cause of freedom in two world wars, and we greatly admire what they have done to help rebuild a war-torn world. We are fortunate, indeed, in having a "good neighbour" on our southern boundary to march with in time of war and to co-operate with in time of peace, to make North America the land of liberty and happiness envisaged by our founding fathers.

We would particularly ask you, Mr. President, to convey our greetings to the members of the United States Congress. We feel that it is of the utmost importance to develop personal relationships and understanding between the members of our respective legislatures, such as already exist between the personnel of the executive and administrative branches of our governments.

We pray that you and your great country may be given strength, wisdom and patience to discharge your great responsibilities. You will find Canadians ever willing and ready to co-operate with you.

May Divine Providence bless your endeavours.

(Translation):

Hon. L. René Beaudoin (Speaker of the House of Commons): Mr. President, if my memory serves me right, today is the third time that a president of the United States has visited the capital of Canada. The first one thus to honour our country said in this very place, almost ten years ago, that Canada is a nation founded on the union of two great races; he added that their harmonious association in equality could serve as an example to the whole world.

Hence, I have the very great honour, the signal joy to offer you in my mother tongue,—one of the two official languages of our country,—the heartfelt thanks of the House of Commons for the memorable speech which you have delivered and, more especially, for the extreme pleasure you are giving us, you and Mrs. Eisenhower, by your visit.

We salute you, Mr. President, as the leader of a very powerful nation whom we have long considered as a sister nation; we recognize in you the worthy successor of George Washington and Abraham Lincoln, two of your illustrious predecessors, but we also honour you as the craftsman, nay, as the father of that glorious victory which has given to the peoples whose armies have fought under your command, the freedom of

worshipping and living in security and of shaping their own destinies in an atmosphere of sincere and enduring peace.

We are mindful, indeed, that through your brilliant command both our countries have averted insecurity, hardship, economic ruin and chaos, as well as the bitterness and the despair which would have resulted.

You will have to face, Mr. President, new international problems which will test your mettle and your genius. We know, however, that, like us, you are convinced of the necessity of maintaining a true people's government as well as individual freedom if everyone is to be given equal opportunities of working and obtaining the greatest legitimate share of well-being which progress may provide.

That energy, that intelligence and that sound judgment which you have displayed in all the missions which were entrusted to you are the surest guarantee that you will, thanks to a firm and prudent diplomacy, give the world a peace based on understanding friendship, of which your country and mine have given and will continue to give an outstanding example.

(Text):

Mr. President, having thanked you in French in the name of the House of Commons for the memorable and inspiring address which you have delivered to us today, may I now be permitted to thank you in English in the name of the Canadian people, your unseen audience, who have listened to you, I am certain, with very deep interest.

THE SENATE

Wednesday, November 18, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

DIVORCE

REPORT OF COMMITTEE CONCURRED IN

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the first report of the committee.

The report was read by the Clerk Assistant:

The Standing Committee on Divorce beg leave to make their first report, as follows:

1. Your committee recommend that their quorum be reduced to three members for all purposes, including the taking of evidence upon oath as to the matters set forth in petitions for bills of divorce.

2. Your committee also recommend that leave be given them to sit during all adjournments of the Senate, and also during sittings of the Senate.

3. Your committee further recommend that in addition to the election of a Chairman they be empowered to elect at any time a Deputy Chairman, and that the Deputy Chairman so elected have powers equal to those of the Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. Roebuck: With leave, I move that the report be concurred in now.

The motion was agreed to.

PETITIONS WITHDRAWN

Hon. Mr. Roebuck severally presented and moved concurrence in the second, third, fourth, fifth and sixth reports of the Standing Committee on Divorce, recommending that applications for leave to withdraw certain petitions be granted and that the parliamentary fees paid under Rule 140 be refunded to the petitioners, less printing and translation costs.

The reports were severally read by the Clerk Assistant.

The motions were agreed to, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

The Senate proceeded to consideration of His Excellency the Governor General's Speech at the opening of the First Session of the Twenty-Second Parliament.

Hon. Mariana B. Jodoin moved:

[*Translation:*]

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

To His Excellency the Right Honourable Vincent Massey, Member of the Order of the Companions of Honour, Governor General and Commander-in-Chief of Canada.

May it please your Excellency:

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

She said:

(Translation):

Honourable senators, for the first time in the history of this country, a woman is awarded the honour of moving the address in reply to the Speech from the Throne. This occasion strengthens the fine traditions of our Canada, which advocate the freedom of one and all to express their opinions, and which concede that freedom to women, since distionaries define the word "person" as a generic term embracing both sexes.

This is the year of crowning achievements. I salute with respect and affection our Gracious Sovereign Elizabeth II, who, despite her youth, gives to the whole world an example of a model wife, of an admirable mother who knows how to reconcile her family obligations with those of her royal rank. Neither the pomp and circumstance of the ceremonies of the Coronation, nor the acclamations of people from every land caused our Sovereign to lose the idea of the responsibilities she accepted as a heritage from this fine English family, whose steadfast principles safeguard our freedom and our beliefs. Following her example, we, Canadian women, strive to be dutiful. I beg Her Majesty, our worthy Sovereign, to accept the tribute of Canadian women and of the Canadian Senate, and the assurance of our entire trust and respect.

Honourable senators, the honour which is now conferred upon me, after years of devotion to my country and to my party, is an encouragement for Canadian women, especially French-speaking women, whatever their political opinion, for they understand that, sooner or later, their efforts and their devotion will be acknowledged by the leaders of this country. Who understands it better, at the present time, than the one who presides over the destinies of our country, the Right Honourable Louis St. Laurent, who has made a gesture of confidence towards Quebec, as well as towards New Brunswick and British Columbia? The women from these provinces, especially those from Quebec, thank from the bottom of their hearts the Right Honourable the Prime Minister for this outstanding honour, which I shall try to

deserve and which gives recognition to the part that women must play in the management of the affairs of the nation if they are to look after the interests of the Canadian family. We were looking forward to that event, with a broad spirit open to the comprehensive ideas of the needs of the Canadian family now replenished by the excellent and controlled immigration of people of different races, religions and languages, but who, while learning to love our country and to appreciate its generous hospitality, will become the source of true Canadians who will settle our immense country. Thus will be realized the hope which Our Holy Father, Pope Pius XII, expressed in a recent letter in which he wrote that "every individual is entitled to a piece of soil in countries where there is an over-abundance of land".

The tribute which I am paying the Right Honourable the Prime Minister reflects in a small way the feelings that the whole of Canada expressed to him on the occasion of the general election, last August. An atmosphere of contentment, a wave of enthusiasm, followed him throughout the country. Men and women were asking for a look of approval and encouragement, while the small children received from him a kind attention which strongly impressed their young minds. The greatness of the Right Honourable the Prime Minister flows from the frankness, the righteousness and the honesty of his heart.

The country expressed its admiration for him by the vote of confidence which has carved in history the name of Louis St. Laurent.

At the Coronation we admired again his dignified personality in an all-important rank; his distinguished silhouette showed up among the notable guests and helped further to feature in an outstanding way among the representatives of the world the greatness of our beloved Canada. We must not fail to associate with his success the name of Mrs. St. Laurent, his distinguished wife, whose qualities we admire and whom we shall imitate in her worthy life as the First Lady of Canada.

Our Prime Minister will soon depart again for far-off countries where his prestige will be beneficial to our own country. His fascinating personality radiates indeed an assurance of good will and no one will have any doubts about the future and the character of a nation which has chosen such a leader. May this impression spread to Korea, may it give heart to our soldiers, stop if possible this awful war which is destroying whole generations, mowing down youth and setting bounds to the expansion of a better world. Mothers everywhere rise against war, which snatches away their children; they oppose that more awful and threatening war, the atomic war, which would not spare anything from destruction, neither women, nor children, nor the old people; it would annihilate civilization as well as all hope. May the United Nations keep their eyes open to the production of these fiendish weapons which are the cause of the anguish and the distress of our times.

The members and representatives of the U.N.O. must soon convene and discuss world problems in an effort to solve them. Is it not the right time, honourable senators, to express our own ideas and make the best of them for the good of humanity? We are assured that the Minister of External Affairs, who leads the Canadian delegation, and the Postmaster General, one of the members of the delegation, will do all they can to obtain for us a lasting peace which, we hope, will last for ever. Such is the wish of the mothers of the world, and they have faith that their representatives will obtain this supreme blessing.

To enliven this hope, we had the honour to welcome the President of the United States, Mr. Eisenhower. We feel confident that his visit, a milestone in our parliamentary history, will open an era of co-operation and friendship, during which will be built up a solid wall against the invader who wants to achieve mastery of the world. With the support of this powerful President, the leader of a nation of 140 million inhabitants, let our hope grow, let our country enjoy greater liberty and look again to the future with confidence. While waiting for that complete freedom, we may admire the adroitness, the tactfulness and the concern for security which our government has shown on the national and international level, when consolidating our defensive forces in order to thwart a surprise attack. Our military power is now the strongest and our forces the best equipped we have ever had in peacetime. The Right Honourable the Prime Minister has personally found out that the newly organized St. John Military College has already yielded very fine results. The cadet officers there know both languages, and that is a great asset to them. They will become invaluable leaders and give us strong support, especially in these critical and uneasy times. After undergoing military training on a voluntary basis, our young men will develop into leaders and defenders of our

freedom and, by their gallantry and their fortitude, will focus on our country the attention of other nations. Those now on the battle front enjoy our unqualified admiration; we wish them success and we pray to God that they may vanquish the enemy. I salute in a special manner the 3,200 women serving with the R.C.A.F.

(Text):

Honourable Senators, His Excellency the Governor General has appointed the honourable gentleman from Shelbourne (Hon. Mr. Robertson) as Speaker of the Senate. We know the excellent qualities which the honourable gentleman displayed as Leader of the Government in this chamber. I am sure that during his term as Speaker the members of the Senate will receive from him the unfailing tact and courtesy which characterized his predecessor, the honourable gentleman from Rougemont (Hon. Mr. Beauregard).

Hon. Senators: Hear, hear.

Hon. Mrs. Jodoin: Mr. Speaker, I am also sure that I speak for all Canadian women when I ask you please to accept the expression of our respect. It is, I believe, a unique accomplishment in the world, for a people speaking two languages and possessing divergent opinions, to build up a nation such as ours through mutual understanding and respect, as well as through co-operation in enterprise and action. Because of our relatively small population our country is no doubt regarded abroad as a small nation, but with its immense resources, rich territories and large industries, Canada is steadily assuming much wider proportions in the eyes of the world. And if we all follow the example of His Honour the Speaker in the faithful performance of our duties, Canada must inevitably develop into a great nation. And here, honourable senators, will you permit me to say that I believe the appointment of a French-speaking lady senator will strengthen the bond which unites Canada's two races in the very distinct entity that we present to the rest of the world.

Hon. Senators: Hear, hear.

Hon. Mrs. Jodoin: May I take this opportunity of paying my respects to our two lady colleagues—the honourable senator from Rockcliffe (Hon. Mrs. Wilson) and the honourable senator from Peterborough (Hon. Mrs. Fallis) who have so efficiently represented the women of Canada here for many years. I do not think this Upper House has had any reason to regret their appointment. I trust that with them the new appointees of our sex —the honourable senator from Fredericton (Hon. Mrs. Fergusson), the honourable senator from Victoria (Hon. Mrs. Hodges) and I— will endeavour to prove to our male colleagues that nowhere on earth is it good for men to live alone—even in the Senate—

Hon. Senators: Hear, hear.

Hon. Mrs. Jodoin: —and that they will find us eager always to assist them in their decisions on questions of the day, while at the same time we study and discuss these questions from the woman's point of view.

Also I should like to express my compliments to the honourable senator from Brantford (Hon. Mr. Macdonald), the newly-appointed Leader of the Government in this house. I am sure that he fully possesses the ability and the diplomacy which that important position demands.

Hon. Senators: Hear, hear.

(Translation):

Hon. Mrs. Jodoin: May I be permitted to recall now the memory of my predecessor, the honourable Athanase David, who formerly represented Sorel in this house.

That gentleman, who was idealistic and realistic as well, will ever be remembered in the province of Quebec for his many achievements in the realm of arts and education. I wish to pay a tribute to his memory and I hope that I shall be of help to that division of which I am now the representative, where so many huge industries have developed and have attained a degree of improvement that is quite comforting.

When one glances at the achievements of the government, one feels proud to note that its leaders are doing their utmost to shape the future of our country. The trade relations between the United States and Canada are carried on in an atmosphere of friendliness. "Everyone has faith in a common goal, but difficulties arise sometimes as to what method should be followed to attain that goal," stated the Right Honourable the Prime Minister, at the international meeting of mayors in Montreal. "In short, trade is a means to attain an end and this end is a standard of living as high as possible for those who participate in that kind of international co-operation."

In addition, we must indeed congratulate our government upon its substantial and tangible achievements in the field of public health. Every effort has been made to fight mental diseases, tuberculosis, cancer, especially during the last five years. Similar improvements have been recorded in the realm of health: specialized services, services for diagnosis, clinics, rehabilitation units, and all kinds of organizations for improving

the health of the people of Canada. The mothers of Canada are grateful to the government which protects public health through wise hygienic measures, childhood by means of family allowances, and old age by means of pensions which give security.

Those beneficial social security measures that the Liberal party improves constantly are evidence of its solicitude towards the masses which, in all parts of Canada and according to their needs, await help and encouragement from their leaders. Our government was wise enough to call to its leadership an outstanding personality, admired and respected by all the great men of the world, and who presides over the destiny of his country like a "good father" anxious to make everyone happy.

The future of our country seems to be assured, judging by the Speech from the Throne, which contemplates such splendid plans as the St. Lawrence Deep Waterway. That important endeavour will facilitate shipments of commodities and goods, will be of great help to agriculture and to industry and commerce. It is our duty to develop our electric power resources through the harnessing of our powerful river. The St. Lawrence Deep Waterway meets indeed a pressing need for the whole North American continent, and all the people of Canada should approve such a project and co-operate in every possible way.

What about housing improvement? That tremendous problem is responsible for many sufferings which in turn are often the cause of family breakdown. It is the woman who, more than anyone else, suffers from such circumstances. Our government tries to provide, through loans, the funds necessary for the financing of new houses. Low-wage earners and young people as well will be comforted by other provisions. They provide practical means to build their own homes, which will add to the wealth of our country and increase the number of home owners who will live happily.

National unity was featured recently on the occasion of the unveiling of the monument erected in Montreal to the memory of our great statesman Sir Wilfrid Laurier. The history of nations contains moments of exceptional grandeur. We lived such a moment while attending that ceremony. One could feel a spiritual relation between Sir Wilfrid Laurier, that great Canadian, admired by everyone, and the man who was paying him tribute on behalf of his people, the Right Honourable Louis St. Laurent. —both champions of national unity and sincere workers in the cause of international peace. Thanks to them, Canada will hold a leading place among nations; its economic expansion will attain to unpredictable heights. Our country, with its forests, its agricultural and industrial resources, its huge territory, will soon become the most beautiful country in the world, thanks to its government and its able leaders. Canada has set an example for all nations by the effective way she has solved her economic, domestic and international problems, said Mr. Camille Gutt, Chairman of the International Chamber of Commerce. May I conclude with these words: Let us build, erect and safeguard the future of Canada. This country built on rock will withstand any foreign attacks, and its sons will proudly stand under the national flag which our government will no doubt give us in the very near future.

(Text):

Hon. Muriel McQ. Fergusson: Honourable senators, it is a very great privilege for me to have the opportunity to second the address of the honourable senator from Sorel (Hon. Mrs. Jodoin) on the motion for an Address in reply to the Speech from the Throne. I congratulate her on her eloquence, her charming presentation of the part that women can take in this house, and I admire her very much for being able to speak to you in both of Canada's official languages. This privilege, I feel, is a tribute to the women of Canada, and I thank our Prime Minister, the Right Honourable Louis S. St. Laurent, who, I am very happy to know, will again be the head of our government for the next few years, and who will undoubtedly lead us toward peace, and more prosperity and higher esteem amongst the other nations of the world than he has done even in the past.

Although I am new in this house, so new that it almost seems presumptuous on my part to do so, I would like to congratulate His Honour the Speaker, (Hon. Mr. Robertson) and the Leader of the Government in the Senate (Hon. Mr. Macdonald) on their recent appointments.

Honourable senators, I feel deeply honoured to be one of the three women recently chosen for appointment to the Senate, one of whom comes from the West, one from our central provinces and one from the East Coast, to represent women and to sit in this house as representatives of women, together with the honourable senator from Rockcliffe (Hon. Mrs. Wilson) and the honourable senator from Peterborough (Hon. Mrs. Fallis). Like the

former speaker, I trust that we newly-appointed representatives will bring as much credit to women, and be as representative of them, as the two honourable senators I mentioned always have in the past.

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: Honourable senators, I feel that far too little is known by the people of Canada of the work done by members of this house and of its contribution to Canada's stability. That may be one of the things that women can make better known to our Canadian people, because I think our people should know that.

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: Despite my appreciation of the honour of being admitted to membership in this distinguished body, I approach the task before me this afternoon with the greatest diffidence, and assure you that since I was invited to assume this responsibility I have felt that I resembled in feelings, though certainly not in feature, the beautiful Bride of Burleigh when "a trouble weighed upon her and oppressed her night and morn with the burden of an honour into which she was not born."

Although when I was born such an honour could not have been bestowed on a woman in Canada, we Canadian women are very proud that we can now be called to this service. And we are proud to call attention to the plaque at the entrance to this chamber which commemorates the names of Judge Emily Murphy, the Honourable Irene Parlby, Mrs. Nellie McClung, Mrs. Louise McKinney and Mrs. Henrietta Muir Edwards, the five courageous women who played such a valiant part in bringing before the government the need of a decision by the courts on whether or not women should be considered persons under the British North America Act, and, therefore, eligible to be called to this house. It was due to the persistence of these women that the question was finally referred by the government to His Majesty's Privy Council, which ruled in favour of the recognition of women as persons. I am very glad to have an opportunity to acknowledge publicly the debt owed by our sex for the pioneer work done on our behalf by these women. A memorial, fitting and even more enduring, will be the contributions being made now and which I believe will be made in the future by women members of this house.

But I admit that we women have been slow to follow the lead of those who pointed the way for us. We should have pursued their idea of going into politics and into government many years ago. However, within recent years there has been a very decided upswing in women's interest in government, not only on the higher levels, but on all levels, and there seems to have been a tendency on the part of men to welcome women and to be glad to have their assistance.

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: All over the world countries are realizing that they have "woman-power" as well as man-power, and that amongst their women is a tremendous resource of public-spirited individuals, many of them well-trained and able and willing to contribute much to government on all levels. Countries that fail to make use of this woman-power are wasting much of their potential strength. But Canada is not amongst those countries. We know that Canada is one of the far-seeing countries that are making use of the capabilities of their women. That is shown by the recent appointments of women to this house and by the election of more women to the other place than at any time in the past.

The crowning event of 1953 was, of course, the coronation of our beloved Queen; and we believe that, sparked by her devotion to public duty, women will achieve more during the reign of the Second Elizabeth than ever before.

That our government is concerned with the problems of the working woman is shown by the recent establishment in the Department of Labour, under the leadership of our present Minister of Labour, of a Women's bureau, to be directed by a woman who will rank with the heads of other divisions in the department. We consider that this is a wonderful step forward, as it is expected that the bureau will give leadership in providing for equality of opportunity between men and women and will iron out many of the other problems facing women in industry and in other fields of labour.

Alerted, as we women probably will be, by the thousands of members of the powerful and interested women's organizations of Canada, we shall be bringing to your attention opportunities where women can serve and where they can receive further recognition.

Honourable senators, all of us in this house will be interested to learn of the plans, mentioned in the Speech from the Throne, for the rehabilitation of disabled persons, and of the proposed program of federal-provincial assistance for the totally disabled. These further steps to improve the social well-being of many Canadians will be welcomed. In my former position, which was connected with the administration of welfare, I had very many requests from disabled people for help and there was no one in our province to

whom I could refer them. I know that some provinces have legislation for the assistance of their disabled, but I trust that all provinces will co-operate with the federal government's plans and program.

The proposed measures to broaden the supply of mortgage money, which will enable people with low incomes to build their own homes, are another step in the goal towards providing a house for every Canadian family that wants one. That certainly is a forward step in Canadian welfare. We know how important it is for people to be properly housed, and in the final analysis these measures will result in a saving to our country because of improved conditions in home life.

The fishermen's insurance which was recently inaugurated by the federal government does away with much of the economic hazards for the fishermen from our coasts who "go down to the sea in ships" to make their living. I am well aware of this, for I was born and bred on the shores of Northumberland Strait and I know that, besides the physical hazards, fishermen are exposed to economic hazards. In a big storm, for instance, many men might lose their whole life savings. For that reason I believe that the further plans to assist fishermen, as forecast in the Speech from the Throne, would be welcomed very warmly in our Atlantic provinces, at least.

I think we all realize that the future peace of the world depends a great deal on the improvement of living conditions for the teeming millions of people in the East and, therefore, we expect that, as stated in the Speech from the Throne, we shall be called upon to contribute further assistance for relief and rehabilitation, for technical assistance and for continued participation in the Colombo Plan. I know we shall all be interested to learn the views of the Prime Minister when he returns from his trip after visiting the countries which we have already assisted under this plan.

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: Honourable senators, I do not propose to discuss at this time all the items in the Speech from the Throne, but I hope that at a future time I may be able to make some further comments in this chamber on these matters. Because I feel that my appointment both to this house and as the seconder of the motion for an Address in reply to the Speech from the Throne is a recognition of my province of New Brunswick as well as of women, I would like to tell you very briefly that my province is undergoing what could almost be called a second youth. A number of quite recent developments have brought that about, and I know you will be interested to learn that in most of these developments the federal government has played a very large part by the assistance it has given us.

You will remember that in the middle of the nineteenth century New Brunswick was very, very prosperous. That was due to our forests, which contained large stands of tall pine trees, from which we secured masts for the King's ships and lumber to make wooden ships. In the middle of the nineteenth century our city of Saint John was the fourth largest ship-owning port in the whole world. But the days of wooden ships —those days when it was said that New Brunswick was noted for wooden ships and iron men—are gone. There is no demand for our wooden ships any more, but there certainly seems to be still a demand for our men, for we find them in outstanding positions throughout Canada, the United States and in other parts of the world. When ships no longer required masts, and were built of steel instead of wood, our prosperity flagged. It was revived by the growth of the pulp and paper industry, which certainly gave an impetus to our economy. We were getting along very well with that industry when we were attacked by the spruce bud-worm, a great enemy of our forests. We are fighting this despoiler of our wealth by large aerial spraying operations that we trust will eliminate the enemy. These operations are being carried on by the provincial government, the federal government and the lumbering interests, each contributing one-third of the cost. We certainly are hoping to win the battle of the bud-worm, and that the invader, the spruce bud-worm, will be entirely repelled.

Last year the value of our forest products amounted to $165 million. Our potential output is much greater than that, but we do not have the markets to absorb it. For that reason we are very hopeful that some plan may be worked out for the convertibility of sterling, because that would again open for us the market for pit props and long lumber in the United Kingdom.

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: Now, although we have always been dependent on the forests for our basic prosperity, we have tried to build up other resources. And obviously we have had some success, for notwithstanding that our markets for lumber products are at a very low ebb, our economy is reasonably buoyant. However, to develop, we must

have hydro-electric power. The government of Canada showed its interest and wish to assist us when, together with the government of the United States, it requested the International Joint Commission to study the power potentialities of the Saint John river. The commission's report, which was received in April of this year, shows that if the recommendations were implemented we could generate 600,000 horsepower on that river. The two governments are studying this report very carefully and we are certainly anxious and hopeful that both Canada and the United States will decide to go ahead with the proposals. If they do not do so, we in New Brunswick are planning to develop, by ourselves, the upper reaches of the Saint John river that are within our own territory; but a project such as that would not develop nearly as much power as might be made available through a joint development.

I would just say here that, in view of the very great lack of hydro-electric power in New Brunswick, it might be wise for the federal government to proceed with the survey of the Passamaquoddy project.

Ever since people have inhabited the Province of New Brunswick they have believed that in our rugged hills there was mineral wealth, and every year prospectors have reported discoveries of outcroppings, but until about a year and a half ago the discoveries had never been large enough nor had the quality been good enough, for any large scale development to take place, or for the interest of the larger mining companies to be aroused. However, about a year and a half ago there was a real strike and it was found that we have base metals such as zinc, lead, and some copper. It is expected that next spring we shall be producing in eastern New Brunswick about six thousand tons of ore daily. In this connection much credit is due to the officials of the former provincial government for their interest and hard work in conducting surveys, and also to the faculty and students of the Department of Geology of the University of New Brunswick, through whom some of the discoveries were made. And we must not forget the great help received from the federal government during the exploratory stage by way of an airborne magneto-meter survey over great stretches of New Brunswick, including the section which is now producing mineral wealth.

A factor which brightens our mining picture is that the new discoveries are within easy reach of the proposed hydro-electric development on the upper Saint John river; they are also within reach of deep-water shipping facilities on the Gulf of St. Lawrence.

Another form of assistance given our province has been by way of proper maintenance of harbour facilities at Saint John, where $5½ million has been spent since 1948 on the Pugsley terminal; and a further $2 million is being spent this year for additional ocean berths.

The Divisional Training Area which the federal government has decided to locate at Gagetown in our province will be the largest in Canada, comprising 436 square miles. It will be equipped, at a cost of about $40 million, to handle approximately 15,000 men in all phases of training. The federal government, through Central Mortgage and Housing Corporation, will provide 1,400 housing units necessary to shelter personnel employed at the training centre. We feel that the huge expenditure necessary for establishing the camp and for the housing accommodation will make employment for large numbers of civilians and will greatly benefit our province.

Another way in which we in New Brunswick have been helping ourselves is in the building up of our tourist industry. In this respect we have been greatly helped through the establishment by the federal government of the Fundy National Park, with its comfortable cabins, its swimming pools where those not hardy enough to brave the cold waters of the Bay of Fundy may enjoy salt-water bathing, its cooling offshore breezes even in the hottest day, its fishing, golf and tennis. Most people who now visit New Brunswick in the summer, even for a few days, plan to spend some time at Fundy Park. For those who may plan to visit our province, we can assure you that throughout New Brunswick we are making great strides towards really good tourist accommodation with beautiful and modern motels, smart local information centres and restaurants which are now becoming expert in the preparation and serving of local foods, particularly lobster, salmon and our own Saint John river fiddleheads. Last year the tourist attendance at Fundy Park exceeded the previous year by 8,000, and our revenue from the tourist business was estimated at 12 million.

Honourable senators, I may sound like an advertising agent for the tourist attractions of my province. Indeed, I am so interested in New Brunswick that I could continue to talk to you about it for a long time. However, I do not want to put myself in the position of the missionary in the story told by Mark Twain. As the story goes, at a meeting Mark Twain was so deeply impressed at the end of the first ten minutes of a missionary's appeal for aid for an African mission that he decided to give $100 to the worthy cause; at the end of thirty minutes

he thought he would reduce his contribution to $50; after forty-five minutes, he had in mind $25; and when at last the speaker sat down, after a full hour's speech, and the plate was passed, Mark Twain stole $2 off it.

Some Hon. Senators: Oh, oh!

Hon. Mrs. Fergusson: Honourable senators, I want you to continue to be interested in New Brunswick and to give us your support.

Before closing, I wish to make further reference to the tremendous help that has been given to our people and our economy through the social welfare program instituted by the government. In this respect I can speak with the greatest conviction for I have been the Regional Administrator in the province for the past six years.

All the economic developments which the people of New Brunswick have brought about, with the aid of the federal government, are doing much to make our province prosperous. But prosperity alone is not enough: we need to provide also for the happiness and security of the individual citizen. It is only when the human dignity of the individual is recognized, and his happiness and security are assured, that our democratic way of life can be considered successful.

It is here that I believe women can play a great part. They are usually closer to the needs of children and of the aged than are men, and better able to interpret those needs, for on their shoulders falls the responsibility for the care of both the very young and the very old. We in New Brunswick recognize the necessity of providing for their happiness and security, but our resources have been too limited to meet the need.

Federal government programs of family allowances and old age pensions, which provide continuing financial assistance for mothers and young children and for our older citizens, give to those who receive the assistance a sense of security which adds happiness to the home and makes all of our people feel that they are part of this great country of Canada and are sharing in its general prosperity. Besides improving self-confidence and morale, these programs bring to the province large sums of money, which greatly bolster our purchasing power and stabilize our whole economy.

Honourable senators, I have mentioned some of the problems of my province, and ways by which we are trying to meet them. I trust that in bringing these matters to your attention I have not created the impression that I am concerned about the interests of only one section of Canada. I am well aware that each of the other nine provinces has problems as great as—some, perhaps, greater than—those of New Brunswick.

I have been told that co-operation and collaboration are the watchwords of the Senate. We women should fit into that kind of program very well, for I believe with our distinguished contemporary, Mrs. Roosevelt, that women will almost always seek to co-operate, while men may be more inclined to seek to dominate. But none of us can co-operate in an endeavour to solve the problems of individual provinces unless we are made aware of them. Although up to the present time I have been primarily concerned with the problems of my own city and province, my efforts in the future will of necessity be directed towards the problems of every part of Canada and the betterment of conditions for women as well as for all other citizens.

Because I believe the program outlined in the Speech from the Throne will contribute to that end, I have great pleasure in seconding the motion of my honourable friend from Sorel (Hon. Mrs. Jodoin) who moved the Address in reply to the Speech from the Throne.

Hon. Senators: Hear, hear.

On motion of Hon. Mr. Aseltine, the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, November 19, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

STANDING COMMITTEES

QUORUMS REDUCED

The first report of each of the following standing committees, presented by or on behalf of its Chairman, recommend that its quorum be reduced as follows:

The Committee on Tourist Traffic, (Chairman, Hon. Mr. Buchanan), quorum seven members.

The Committee on Finance, (Chairman, Hon. Mr. Crerar), quorum nine members.

The Committee on Civil Service Administration, (Chairman, Hon. Mr. Marcotte), quorum seven members.

The Committee on External Relations, (Chairman, Hon. Mr. Gouin), quorum seven members.

The Committee on Debates and Reporting (Chairman, Hon. Mr. Davies), quorum three members.

The Committee on Canadian Trade Relations, (Chairman, Hon. Mr. McLean), quorum seven members.

The Committee on Banking and Commerce, (Chairman, Hon. Mr. Hayden), quorum nine members.

The Committee on Miscellaneous Private Bills, (Chairman, Hon. Mr. Bouffard), quorum seven members.

The Committee on Natural Resources, (Chairman, Hon. Mr. Vaillancourt), quorum nine members.

The Committee on Internal Economy and Contingent Accounts, (Chairman, Hon. Mr. Paterson), quorum seven members.

The Committee on Public Buildings and Grounds, (Chairman, Hon. Mr. Fafard), quorum five members.

The Committee on Immigration and Labour, (Chairman, Hon. Mrs. Wilson), quorum seven members.

The Committee on Public Health and Welfare, (Chairman, Hon. Mr. Venoit), quorum seven members.

The Committee on Transport and Communications, (Chairman, Hon. Mr. Hugessen), quorum nine members.

The Committee on Standing Orders, (Chairman, Hon. Mr. Bishop), quorum three members.

On motions, made with leave, the reports were severally concurred in.

TRANSPORT AND COMMUNICATIONS COMMITTEE

ADDITION TO MEMBERSHIP

Hon. Mr. Beaubien: Honourable senators, with leave of the Senate, I beg to move that the name of the Hon. Senator Bishop be added to the list of senators serving on the Standing Committee on Transport and Communications.

The motion was agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mrs. Jodoin for an Address in reply thereto.

Hon. W. M. Aseltine: Honourable senators, I have been more or less champing at the bit while waiting for all these reports from the various standing committees to be presented. The first thing I want to do is to advise the house that the honourable Leader of the Opposition (Hon. Mr. Haig) is not able to be here today, and I have the difficult task of trying to substitute for him in making this address on his behalf. I hope you will bear with me in what I have to say. Honourable senators will know that Mrs. Haig passed away, on election day. Her death was a great blow to the senator. A couple of weeks later he himself suffered an accident which almost took his life, but I am pleased to report that when I visited him for two days in Winnipeg, on my way to Ottawa, I found him to be on the highroad to recovery.

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: However, he does not expect to take his place in this chamber until about the middle of January next, when it is anticipated that the sittings of the Senate will be resumed after the Christmas recess. In the meanwhile I am sure he will be greatly missed here. I venture to say that for many years he has been probably the most active member of the Senate. He has faithfully attended the sittings of this house, and played an extremely important part in our deliberations. He has regularly attended also the meetings of all committees, and over a considerable period he served as Deputy Chairman of the Divorce Committee. When I return to Winnipeg I shall tell him on behalf of the members here assembled how much they have appreciated his services, and that they extend to him their best wishes for a very speedy recovery.

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: Honourable senators, the other day I had the pleasure of welcoming our new Speaker (Hon. Mr. Robertson) and congratulating him on his appointment to his high office. Since that time I have personally congratulated the new leader of the government in this chamber (Hon. Mr. Macdonald), but as I have not congratulated him publicly I wish to do so right now. Even before his entry into public life he had a distinguished career, being a barrister and solicitor of note in the Brantford area. Soon after his election to the House of Commons he took a very prominent part in the work of that chamber, and some four years ago became its Speaker. I am told, and I do think it is generally conceded, that he was one of the most popular Speakers if not the most popular, that that house has had in many a day.

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: So I am sure that, with that background, he will prove to be a very capable and congenial leader of the government in the Senate.

Honourable senators, before going further I should like to congratulate the mover (Hon. Mrs. Jodoin) and the seconder (Hon. Mrs. Fergusson) of the Address in reply to the Speech from the Throne. When I went to school I studied French for some six years, but I find that the mover of the Address speaks much better English than I do French. She made a splendid speech here yesterday, and I am sure that she will prove a prominent and useful member of this chamber.

The seconder also made an unusually fine speech. I was very much interested in all that she said about the wonderful province of New Brunswick, including her references to that great enemy of the forests, the spruce bud-worm. Her remarks caused me to wonder just what kind of speech I made when I first came to the Senate, some twenty years ago; so I looked up *Hansard* and, lo and behold, the record showed that I spent all my time talking about the province of Saskatchewan, with some special references to that marvelous place called Rosetown, surrounded by a million acres of arable land, all under cultivation—the heart of the wheat belt. So I can understand the seconder's enthusiasm in dealing with matters that concern her own province. When she spoke of the New Brunswick spruce bud-worm, I could not help thinking of the grasshoppers, the cut-worms, the rusty beetles and the mites of Saskatchewan. While our wheat crop is growing, we have to contend with cut-worms, wire-worms and grasshoppers, and after we get the wheat into the bins and ready for market, we then are troubled by rusty beetles, mites and other pests.

Hon. Mr. Wood: And the C.C.F.

Hon. Mr. Aseltine: The West, like New Brunswick, has plenty of difficulties.

While on this point of members speaking about their own provinces, I would suggest that all members of this house should visit provinces other than their own and become acquainted with the problems confronting different parts of the country.

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: I have been a little delinquent myself; I have not yet visited Newfoundland, nor the famous province known as Prince Edward Island, but I hope to do so.

Hon. Mr. Grant: You are a young man yet.

Hon. Mr. Aseltine: I hope to visit those provinces in the near future.

May I here express a welcome to all the new members who have been appointed to this chamber? I think they will make a great contribution in the years that lie ahead. I was a little disappointed that the Prime Minister, in his selection of new senators, did not appoint a lawyer from the far west or the far east, with the idea that he would take over the chairmanship of the Standing Committee on Divorce. In this chamber I have many times suggested such an appointment, and a few days ago I mentioned it to the Prime Minister. He is taking it into consideration, and maybe he will appoint someone who will take over the position. In the meantime, we have secured the valuable services of the honourable senator from Toronto Trinity (Hon. Mr. Roebuck).

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: I shall thus be relieved of a great deal of work and responsibility. I am quite sure that his wide experience as a lawyer, and his previous experience as deputy-chairman of the committee, will prove invaluable to him, and that he will function to the satisfaction of all of the members of this chamber.

While I am dealing with the question of divorce, perhaps I may be pardoned if I make a statement about my visit to England last summer. I am not going to speak on divorce today, although it is a very interesting subject, about which I have made many speeches in the past. I only wish to say now that during Coronation week the courts over there were not sitting, but following the Coronation ceremonies I visited the High Court of Justice on several occasions, and

even sat in on the hearing of a number of divorce cases. Two or three or four courts sit continuously for four or five days a week. I wanted to find out, if I could, just exactly how they carry on this work, and if their methods of procedure were similar to those of our Standing Committee on Divorce. I brought with me the Daily Cause List for May 20, on the back of which I see that one of the judges heard twenty-two cases that morning, and another judge in another court heard twenty-one cases. The average action, where the allegation was that of desertion, or cruelty, or incurable insanity, or grounds of that kind, was disposed of in about eight minutes. Other cases, where adultery had to be proven, even though undefended, took about the same length of time as here, namely, twenty to twenty-five minutes each. I thought that information would be interesting to honourable senators.

Hon. Mr. King: You are speaking of a court with one judge presiding?

Hon. Mr. Aseltine: Yes. I would like to refer next to one or two paragraphs of the Speech from the Throne. I read the speech several times, and was rather disappointed, because I think it does not say enough with respect to what the program of the government is going to be. But I think we can all agree with this one paragraph:

> The Coronation of our beloved Queen was an occasion for universal rejoicing. Her devotion to duty, her personal charm and her happy family life have assured Her Majesty of a warm place in the hearts of all her subjects and have strengthened our attachment to the crown and to the traditions of our constitutional system of government.

I think we all agree with those sentiments 100 per cent. Some of us who are here today were privileged to attend the Coronation. I, for one, was very much impressed. I had never seen anything quite so stupendous, nor had I ever witnessed anything like the loyalty of many ordinary British subjects, who slept out in the open, in the rain, for three days prior to the actual Coronation. One instance, in particular, that I think I should mention is this: I was talking to a young fellow, and he said—of course, he was carried away by the beauty of the Queen and the wonderful decorations and trimmings and things of that nature—he said, "You know, I hope there will be another war, so that I can fight for my beautiful Queen". That was the truly revealing attitude of the British people. In my opinion there is going to be a great revival of industry in Britain. When Elizabeth I became Queen a great revival set in and Britain surged forward from that date to become mistress of the seas and the world's chief trading nation. I came away from the Coronation feeling that a similar development is going to take place in the future. England has another young Queen—Elizabeth II—and the peoples of the whole Commonwealth are right behind her one hundred per cent. I feel that "old England" will come back and attain her position of leadership in the world within a very short period of time.

Another sentence in the speech from the throne says this:

> Our farmers have harvested the second largest wheat crop in Canadian history.

I was expecting something more than that. I was expecting the government to tell us what we were going to do with that crop, whether we were going to be able to sell it, or whether we were going to get paid for it, but there is not a word in the speech that gives the farmer of the prairie provinces the least bit of encouragement. It is true that we have harvested a magnificent crop of wheat. It has been estimated as high as 600 million bushels; I think the latest estimate is about 550 million bushels. That is a great blessing and I, for one, am thankful for such a bountiful harvest.

I am also thankful that we have other blessings as well. One of the greatest of these is that Canada has never been devastated by war, a blessing that is perhaps chiefly attributable to the fact that in the days of our infancy we had the British fleet to protect us. And of course besides the Pacific ocean on the west and the Atlantic ocean on the east, other factors have been a cold and barren north, and a friendly nation to the south.

Another of our blessings is that we have an abundance of food in this country. Most of the wars in the past have been brought on by nations looking for room to grow food for their peoples. It takes about two and one-half acres of arable land per capita to provide the standard of living that we have in Canada and the United States. Many countries in the world, including England, China and Japan, have only about one-fifth of an acre per capita. Their standard of living is, therefore, bound to be low, and in order to better it they must import large quantities of food. We produce several times more food than we need, and we shall be able, I hope, to find markets for the surplus that we have on hand as well as for the surplus products of natural resources that we are exploiting.

I am sure that all members of this chamber are thankful for these blessings. They are not due to the efforts of any political party or any government. When I read some speeches made in another place I am almost led to believe that the present government is

responsible for all of these things. However, I have not been convinced of that—not yet, at any rate. I give the credit to the Creator.

You will gather, honourable senators, that I am leading up to a speech on wheat, and it is on that subject that I intend to make my chief remarks. First of all, though, I want to say that food is one of the most important products in the world, if not the most important. The population of the world is increasing by 25 million a year and it is going to require a lot of food to keep that population alive and in good health.

There is no food like wheat. You can store wheat in a bin or granary or elevator, and keep it there for years and years and years, and if it is safely housed and dry, it will sprout and grow crops when eventually planted; or if it is ground into flour, that flour will be just as good as can be made from freshly-harvested wheat. In fact, wheat was found in King Tut's tomb in Egypt when it was opened up. At Athabaska Landing, Alberta, a few years ago I was talking to a farmer who had won the top award for wheat at one of the big fairs. Pointing to a field of wheat, he said, "That has been grown from wheat which some person gave me, saying it came from the tomb of King Tut, who died some 3,200 years ago". The farmer's wheat had very long heads and long beards and an Egyptian appearance, but of course I do not want you to think I was gullible enough to believe his story. However, the fact remains that wheat can be kept a very long time and still be perfectly sound and fit for food.

Honourable senators probably know that we had an exceptionally large wheat crop in 1951, the largest crop we ever harvested in 1952, and, as previously stated, we have a crop of some 550 million bushels of wheat this year. The wheat has been piling up, with the result that we have at the present time a crisis. It is, in my opinion, not a minor crisis, but a major crisis in wheat.

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: The storage available in Canada for wheat—and I think the honourable Senator from Churchill (Hon. Mr. Crerar) will be able to bear me out in this—at terminals, at the lakehead and in the interior, amounts to 541 million bushels. All storage space was full before the 1953 harvest of some 550 million bushels of wheat and huge quantities of coarse grains, with the result that wheat has been piled up in every direction. Despite the fact that some of it has moved since harvest time, the elevators and granaries on the farms are all full and we still have on hand in elevators and on the farms some 900 million to a billion bushels. Our seed wheat and domestic requirements for Canada over the next year will probably be between 160 million and 200 million bushels, leaving 700 or 800 million bushels to be disposed of, if the farmers are to carry on.

Our first problem is to find safe storage for the wheat on hand. An example of the seriousness of the problem is one pile in the province of Alberta near the home of my honourable friend from Calgary (Hon. Mr. Ross), of 100,000 bushels; and I could mention other piles varying from 5,000 bushels to 10,000 bushels. This grain is lying on the ground, exposed to the weather, with nothing under it or over it. The farmers have first to face the problem of storage, if they are to save this year's crop.

As I have said before, the population of the world is increasing; and with the possibility that next year we may not have a good crop, and perhaps the year after that, it is vitally important that this year's abundant harvest does not spoil. Therefore, our first and foremost problem is to see that our wheat is properly housed.

Some persons have suggested that additional internal elevators like the ones at Saskatoon and Moose Jaw should be constructed. But that would be a slow process: the wheat that is now on the ground could spoil while additional elevators were being constructed. It has been urged by others that we should use the airport hangars which are not in use. There are, I know, a number of them in Saskatchewan in which wheat could be properly stored.

In times gone by when there was a surplus, the elevators would permit farmers to dump their grain on the ground beside the elevators, and as soon as a car came in that grain was loaded into it and shipped out. That arrangement might relieve the situation today, but the Canada Grain Act makes it an offence. Any change in that regard would require an amendment to the Act, and I do not advise it.

My suggestion is that the farmers should be encouraged to build granaries to take care of their wheat crop. I believe a great many farmers would undertake to provide such storage if the income tax department allowed them to write off the cost at a rate of 25 per cent to 50 per cent a year. Honourable senators will recall that during the war years certain big corporations, such as the Aluminum Company of Canada Limited, were encouraged to expand and were allowed to write off the cost of expansion at the rate of 50 per cent a year. A concession was made

in such cases because the government needed the companies' products. I see no reason why a similar concession could not be made to wheat farmers under present circumstances.

Hon. Mr. Euler: Could such a concession not also be made for home builders, so that human beings, as well as wheat could be properly housed?

Hon. Mr. Aseltine: I am not worried about the housing question. Incidentally, the Central Mortgage and Housing Corporation sent its agent to Rosetown to try to persuade the town to build a huge subdivision that we never asked for, and which I for one am not in favour of.

Hon. Mr. Lambert: You might use it to store wheat.

Hon. Mr. Aseltine: I think money could be well spent in providing storage for our wheat, which in my opinion is a very important commodity. It is also my opinion that the piling up of wheat is the direct responsibility of the government.

Hon. Mr. Grant: What about the Great Creator? Was He not in some way responsible for it?

Hon. Mr. Aseltine: In September of 1943 the government took over completely the marketing of wheat in Canada, and this problem of accumulation has come upon us only since the government entered into the picture.

The government's responsibility stems from the agreements which they entered into. They made the British Wheat Agreement, that famous agreement that we talked so much about a few years ago; then they entered into the first International Wheat Agreement, which many of us opposed. Those agreements were made at a time when the price of wheat was high. We argued that the farmers of western Canada suffered great losses because of those agreements; there was some dispute as to the amount, which was placed as high as $900 million, but I think everyone will agree that the farmers did lose a lot of money.

In my opinion the wheat agreements made by the government have lost us markets. Under that marketing arrangement we sold to Britain at one price, and sold Class 2 wheat to other countries at a different price. The same is true of the first International Wheat Agreement: we sold wheat to members who signed the agreement at a certain price, and at the same time we sold Class 2 wheat to the rest of the world at a higher price. The failure of Great Britain to sign the second International Wheat Agreement has had a drastic effect on the marketing of Canadian wheat.

The net result of the government's interference in the handling of wheat over the years since 1943 is the loss of markets, reduced prices and a vast accumulation of surplus grain.

Let us look at what is happening elsewhere. Sweden is now exporting wheat to Brazil and Yugoslavia; Turkey is shipping to Germany and Portugal; the United States is selling for sterling, and is ready to barter or give away her surplus crop.

All these things I have mentioned have put the farmers of the prairie provinces in a very difficult position. I noticed in this morning's Montreal *Gazette* an article which I will not read in full, but from which I will quote one paragraph:

Farm Income Dips Sharply In Dominion

Farm income in Canada will drop by 12 per cent in 1953, the second consecutive annual decline from the 1951 peak, federal agricultural economists estimated today.

I do not know whether they had in mind the fact that the farmers will not be able to sell the wheat which is stored up and that therefore their income will be down. At any rate it is down. About 20 per cent of our people are agriculturists, but their share of the national income is only 10 per cent. The farm population is declining: hundreds of thousands are moving to the cities, or are getting work in the mines, where, I am told, they can earn as much as a member of parliament. That is the situation, and, to top it all off, the grain farmers of whom I have spoken are permitted to deliver only three bushels per acre of their cultivated land. What they receive does not provide enough money to pay harvest expenses, store and gasoline bills, and other outgoings; and as a matter of fact many a farmer has not been able to get elevator space for even this limited quota. Yet he has to meet payments on his machinery and provide for his living expenses and the costs of putting in next year's crop. For these reasons the farmer needs an advance on the wheat which is now in storage.

I think I have stated in this house on other occasions that to fully equip an economic farm unit in western Canada costs around twenty thousand dollars. A farm should consist of at least one section, and if possible two sections, because the larger unit can be operated with the same outfit of machinery and equipment as is needed for one section whereas on the smaller farm the equipment is lying idle half the time.

It may be said that since 1940 the western Canadian farmers have had good crops. That is true, and during this period they paid off a lot of debt and bought machinery to replace that which had been worn out during the depression years, when virtually none at all was purchased. But the cost of the new machinery was about three times the former prices, and when it is remembered that between 1935 and 1939 a bushel of wheat was sold for approximately a dollar, and that the present price is about $1.90, and that articles which the farmer needs and which from 1935 to 1939 could be had for a dollar cost $2.60 now, it will be seen that the present price of wheat should be not less than $2.60.

Hon. Mr. Wood: Who will buy it?

Hon. Mr. Aseltine: However, we are not complaining of the price. We have the bushelage, and we are willing to sell. My purpose in mentioning these figures is to show that the price asked by the Wheat Board is not too high, that we should be getting at least that amount. Even if it were less, we have these additional bushels, and the farmers can "take it".

It is my opinion that our farmers would like to see some action similar to that which has been taken in the United States. I admit that the American policy has caused a good deal of controversy in that country. The United States government, which exercises the powers of our Wheat Board, advances money to the farmers under the parity price support fund at 90 per cent of parity—parity being $2.44 per bushel—provided that the wheat is in approved storage and has been inspected by a government inspector and sealed up. That is what we think should be done in Canada, except that it would be unnecessary to seal up the wheat, because there is no way under the sun that a farmer could get away with his grain. He could not sell it, because to sell even a bushel of wheat it is necessary to produce his quota book. If the Wheat Board advanced 50 cents a bushel on stored wheat it would be only on condition that the grower sent in his quota book, and no wheat could be sold by him until the quota book was returned. It would be delivered to the elevator, and the elevator operator would send the board the wheat ticket when the farmer brought it in to pay for the advance he received. That would make the sealing of bins unnecessary.

I am not in favour of a bill on the lines of the legislation of a year ago. At that time, when I spoke on the subject, I supported the passing of legislation by which the farmer could go to the bank and borrow money and the government would guarantee repayment. That system did not work out. The limit was $1,000; but by the time the bill became law every farmer I know had marketed at least a thousand dollars' worth of wheat. In the whole of the district I come from only one loan of $1,000 was made. I do not want anything like that to happen again. In any event, supposing the government went into the business of backing these loans, the farmer would have to pay 6 per cent on his borrowings from the bank, whereas the Wheat Board can borrow money at 3¼ per cent or less.

What I advocate is that the government should advance through the Wheat Board to the farmers of Western Canada $1 per bushel on all their wheat that is properly stored. If such an advance was made on, say, 50 per cent of the crop, conditions would be greatly improved.

I think further that the government should pay the farmers for storing this wheat on their farms. Let me tell you why. The honourable senator from Churchill (Hon. Mr. Crerar) has been in the elevator business and he knows that fifteen days after a farmer has put a load of grain in an elevator, the elevator collects storage fees until the grain is taken away and sold. At the present time our elevators are filled with wheat. The honourable senator from Thunder Bay (Hon. Mr. Paterson) owns a string of elevators, and his company is receiving payment for storing wheat and will continue to do so until the wheat is taken from the company elevators and sold. This being the case, why shouldn't the farmers who go to the expense of storing wheat on their farms be paid regular storage rates? I have never advocated this step before, but it seems to me to be a reasonable proposal. Incidentally, I have no doubt that the honourable senator from Churchill will oppose this suggestion when he takes part in the debate.

Probably honourable senators do not realize that the farmers of western Canada create a billion dollars' worth of new wealth on their farms every year. This money finds its way to Canadian retailers, wholesalers and manufacturers and affects the economy of the whole country. It is very important that some of the money that is being paid for the storage of accumulated wheat should come into the hands of the farmers, for there are no better and bigger spenders of money than farmers.

Honourable senators, when coming down on the train to Ottawa I got into a conversation on football with several people, one of whom was a retailer, another a wholesaler, and another a manufacturer. After we got through debating whether Winnipeg or

Edmonton was going to win the championship of Western Canada, I suggested that we talk about the wheat situation. The retailer said: "We must find a way to get some money into the hands of the farmers for all the wheat that has piled up". I asked him why, and he told me: "Well, I have had to start operating on a cash basis. The farmers in my district owe me some $20,000 and I can't give them any more credit. I don't know what they are going to live on". I inquired of the wholesaler, "What effect has this whole thing on you?" and he said, "Well, if the retailer can't sell his goods to the farmer he won't be buying any goods from us, so it certainly affects us". Then I put the same question to the manufacturer, who replied: "Well, it affects us too. If the retailer can't sell to the farmer, the wholesaler can't sell to the retailer, and we shall have to quit manufacturing our goods".

Honourable senators, I repeat that this piling up of wheat is a government responsibility, owing to the fact that the government took over the complete control of wheat in September, 1943. In my opinion the present crisis is the government's own "baby". It was conceived, born and nourished under government control. That being the case, if any risks have to be taken I think the government should take them. However, as I said before, I do not believe the government would be taking any risk at all, for even though they advance money to the farmers through the Wheat Board, the farmers surrender their quota book and the government become fully protected, because the wheat is safely stored away. And it would not be necessary to seal the bins.

That is all I wish to say about wheat, and I hope my remarks have not bored honourable senators to distraction.

Before I sit down I should like to tell the house about some of my experiences in the Old Country at the time of the Coronation. These remarks will be in a lighter vein, even though they have to do with the contentious problem of taxation. We are heavily taxed in this country, but let me illustrate how heavily people in other countries are taxed. Upon arriving in London we went down to Canada House and registered. A gentleman with whom I became acquainted there suggested to me, "Why don't you go over to Saskatchewan House and register there too?" I told him that I didn't know there was a Saskatchewan House, and he said, "Oh, yes; and you have a very fine gentleman in charge of it, Mr. Graham Spry". We went down and met Mr. Spry, a splendid chap, who was of great assistance to us all during the time we were in London and overseas. After I helped him to entertain a gentleman from Germany who was thinking about building a textile factory in Regina, Mr. Spry took us to a pub for dinner. We had a good meal, and I said, "I think I'll go and buy a cigar". I saw Mr. Spry smiling, but I didn't realize exactly what amused him. At the counter there were several brands of cigars that appeared to be similar to our *White Owl* or *Marguerite*. Choosing one, I asked what the price was, and the clerk said, "Sixteen shillings". I told him I would take the whole box, and he added, "But, sir, they are sixteen shillings each". I exclaimed: "What! That comes to $2.24, does it not?" He agreed that it did, and went on to tell me that 24 cents was for the cigar and $2 was the tax.

Some Hon. Senators: Oh, oh.

Hon. Mr. Aseltine: I was content to buy one cigar and I kept the wrapper as a souvenir. I intend to show it to the honourable gentleman from Waterloo (Hon. Mr. Euler) some time.

On another occasion I bought some pipe tobacco. In Canada for thirty-five or forty cents you can buy tobacco in a pouch, which you throw away after using the tobacco, and I was not aware that in the Old Country tobacco of this kind is sold in tin cans only. At the cigar counter in the hotel where I was staying the clerk showed me a can two inches in height containing, he said, nice mild tobacco. I pulled out of my pocket a fistful of shillings, half crowns and other British coins, saying, "I don't understand your money too well, so please take the necessary amount." He replied, "Oh, you haven't nearly enough there." The price of that can of tobacco was nineteen shillings, or $2.65. It was certainly expensive, but I bought it, anyway. That is just an illustration of the way smokers in the Old Country are taxed. I thought honourable senators would like to know that although we pay heavy taxes in Canada, the people of other countries are heavily taxed too.

Honourable senators, there is one other matter in connection with taxation that I should like to mention. It has to do with medical expenses that are deductible for income tax purposes. A Canadian taxpayer used to be able to deduct all medical expenses of his dependents and himself in excess of 4 per cent of his taxable income. The percentage was later reduced to 3, but certain factors were omitted from the new income tax laws. For example, the cost of eyeglasses is not allowed as a deduction. Any charge for false teeth is allowed, because it is on the dentist's bill. Drug bills, are not allowed, although in some cases of arthritis poor

patients have drug bills amounting to $200 or more a month. Ambulance service fees are not allowed. In Saskatchewan, we have air ambulances, in charge of government aviators. If you want to be brought in from the far north to a hospital, you send for an ambulance, and you have to pay the fee charged by the government, but that is not considered part of your medical expenses. I advocate, and I would like the Leader of the Government here to advocate, expenditures for eyeglasses, ambulance services, drugs, and all that sort of thing, be classed as medical expenses when the income tax amendment bill is brought down.

In closing, I have one further suggestion to make. I would ask the Leader of the Government to inquire, and to inform us, how much government legislation we can expect to have introduced in this house before Christmas. In November last year a dozen or more government bills were initiated here, and we dealt with them and sent them over to the other house before we went home for the Christmas recess. I think that the then Leader of the Government (Hon. Mr. Robertson) strove hard to have those bills placed before us at that time, and I would suggest that our present Leader use his influence with the government to have as much government legislation as possible initiated here within the next three or four weeks. Of course, nearly all private bills are initiated in the Senate, but we also like to have as many public bills as possible brought down for their primary consideration here. If the Leader could persuade his colleagues to submit some of their bills for initiation in this chamber promptly, we could get through with a lot of work within the next month and help to speed up the legislative program for the session.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Macdonald, the debate was adjourned.

The Senate adjourned until Tuesday, November 24, at 3 p.m.

THE SENATE

Tuesday, November 24, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

EXTERNAL RELATIONS

REQUEST FROM UNITED STATES FOR PERMISSION TO QUESTION IGOR GOUZENKO: INQUIRY

Hon. L. M. Gouin: Honourable senators, I wish to ask the Leader of the Government (Hon. Mr. Macdonald) a question. The Prime Minister is expected to make a statement in the other place either today or tomorrow on the request from the United States for permission to question Igor Gouzenko. Will our Leader make a similar statement in the Senate on this issue and, if so, when?

Hon. W. Ross Macdonald: Honourable senators, I have noticed that a question similar to the one asked by my honourable friend was asked in the other place. I shall make inquiry as to when the question is likely to be answered there, and I think I can assure honourable senators that I will be in a position to answer the question in this house on the same day as an answer is given in the other place.

Hon. Mr. Gouin: Thank you.

Hon. Mr. Horner: May I say, honourable senators, that in my opinion there has already been too much publicity given to and too much fuss made over this question.

WHEAT

NEWSPAPER ARTICLE—QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. W. M. Aseltine: Honourable senators, before the Orders of the Day are proceeded with, I should like to say a few words on a question of privilege.

Many honourable senators have no doubt seen the editorial in the Ottawa *Journal* of yesterday entitled "That's the Way the Money Goes", in which I am accused of advocating that the wheat farmers of Western Canada be subsidized.

I should like to take this opportunity to say that in my remarks in the Senate last Thursday, when I spoke on the wheat question, I made no such suggestion. In my opinion, the editorial was written by someone who either knows very little about wheat in the West or deliberately misconstrued my words. I am not in favour of subsidizing the wheat farmers in western Canada; in fact, I am not in favour of subsidies at all.

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: The wheat farmers of western Canada do not want subsidies or handouts; all they want is a fair deal.

What I did say in the house last Thursday was this: In September, 1943, the Government of Canada took over completely the handling of wheat through the wheat board, which is the only medium through which the western farmer can market his wheat.

Hon. Mr. Roebuck: That is where we made the mistake.

Hon. Mr. Aseltine: Whether we made a mistake or not, that is the way it stands today.

The farmer delivers his wheat to the wheat board at the local elevator; the board pays the storage on the wheat until such time as it is sold; it also pays the farmer an initial payment of $1.21 a bushel for No. 1 wheat.

Hon. Mr. Lambert: I do not wish to interrupt my honourable friend's flow of thought, but I think he is going a little far on a question of privilege.

Hon. Mr. Aseltine: I want to point out what I said the other day.

Hon. Mr. Lambert: But you are making a second speech.

Hon. Mr. Aseltine: With leave of the Senate, I would like to make the matter clearer.

Hon. Mr. Roebuck: Go ahead.

Hon. Mr. Lambert: With leave of the Senate.

Hon. Mr. Aseltine: At the end of the crop year all the expenses, including the storage and marketing costs of the wheat board, are deducted, and a distribution of the balance is made in the form of a final payment to the farmer. What I suggested was that when wheat is stored on the farms the wheat board should pay the farmers an initial payment of $1 a bushel on 50 per cent—not the whole, as suggested by this article—of the wheat so stored; and that the farmers be paid the storage charges, just as the line elevators are paid. This would not cost the taxpayers of Canada one cent, because at the end of the year all the expenses would be deducted, and the price of wheat would have to fall below 50 cents per bushel before any obligation would fall upon the government.

I think I am entitled to an apology by this newspaper, and I hope it will print what I have said today.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, November 19, consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mrs. Jodoin for an Address in reply thereto.

Hon. W. Ross Macdonald: Honourable senators,—

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: This is quite an important day in my life, because today I am making my maiden speech in the Senate.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: It is customary in the other place for a new member, in making his maiden speech, to thank the electors of his constituency for having sent him to Ottawa. Today I want to thank the Prime Minister for considering me the right type of person to be summoned to the Senate,—

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: —and more especially to express my appreciation to him for having appointed me the government Leader in the Senate.

I realize what a difficult position I have to fill. I know that it will be necessary for me to familiarize myself with and master the legislation which comes from the other place and the legislation which is initiated in this place. There is also a vast amount of committee work; and may I at this time commend the honourable senators who through the years have served so well and have contributed so much in the committees on which they have sat. I shall endeavour to attend as far as I am able at the committee meetings, to take an interest in the work of the Senate, and to give the Senate the leadership which you would like me to give. I assure you that I shall do my very best in the interests of this great chamber.

I realize that the position I now occupy has been held in the past by brilliant and outstanding Canadians. I have read of their achievements as members of this chamber, and I have also read many of their speeches. We have in this house at the present time two former Leaders of the Government in the persons of our Speaker (Hon. Mr. Robertson) and the honourable senator from Kootenay East (Hon. Mr. King). I served in the House of Commons when two other great Canadians led this house. One of them is still living and one has passed to the Great Beyond. I refer to the Right Honourable Raoul Dandurand and the Right Honourable Arthur Meighen. I repeat that all four of these gentlemen were great Canadians, and I shall do my best to follow in their footsteps.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: May I also take this opportunity of expressing my very deep gratitude to all the members of the Senate for the kindly way in which they have greeted me in the Red Chamber. I knew that I had many acquaintances in the Senate, but I did not know I had so many friends here.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: I cannot say how much I have appreciated the words of greeting and the assurances which I have received from all members of their support and assistance, and I wish to inform the house that I am counting on that support and assistance. Honourable senators, I shall certainly endeavour to live up to the great trust which has been reposed in me.

I have also been acquainted with the Leader of the Opposition in the Senate (Hon. Mr. Haig), and I want to join with the acting leader opposite (Hon. Mr. Aseltine) in saying how sorry we are that his leader's health prevents him from being with us at this session. I would join with him in expressing the hope that his leader will have a speedy return to perfect health and soon rejoin us in our deliberations.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: However, the Leader of the Opposition should be happy in the thought that the one who is taking his place in this chamber is indeed well able to fill that very important position.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: I wish to thank the honourable gentleman (Hon. Mr. Aseltine) for the very kind remarks he made about me on the opening day, and to tell him of the satisfaction I got from the assurance which he and other honourable senators gave me of their co-operation and assistance. During the past ten years he has served as Chairman of our very important Standing Committee on Divorce. The Chairmanship is an onerous position, one which no honourable member has sought, and I am sure that the Senate and the whole country are grateful to him for the long and devoted services he has rendered. I also wish to say that I am happy, as I am sure other honourable senators are, to know that he is being succeeded in that important position by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck).

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: To him and to the other members of the committee, who have sat on the committee for long hours most faithfully, I wish to express our sincere appreciation.

May I also, at this time, extend a welcome to the new senators. It might be asked, why I, a new senator myself, should extend a welcome to the new senators. I do so, not only in my position as Leader of the Government here, but also as a parliamentarian who has served in the House of Commons for the past eighteen years, and who came over to the Senate at the beginning of this session along with the honourable senators from Cochrane (Hon. Mr. Bradette), Lauzon (Hon. Mr. Tremblay), De Lanaudière (Hon. Mr. Fournier) and Kent (Hon. Mr. Léger). Although we are new members of the Senate, we are also parliamentarians of some years' standing, and as such we extend a sincere welcome to the other new members.

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: I was very happy to learn that amongst the new members there were three women who, with the honourable senators from Rockcliffe (Hon. Mrs. Wilson) and Peterborough (Hon. Mrs. Fallis)—both of whom have served in this chamber for a number of years—bring the total number of women senators to five. In the other house there are now four lady members; and the fact that we in the Senate have five is evidence in one more respect of our being a little ahead of the House of Commons.

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: It was indeed a happy thought on the part of the Prime Minister that the Speech from the Throne should be moved and seconded by two of our new women members; and they both performed their respective tasks in a manner which did credit to them personally, and also to this honourable house.

(Translation):

The honourable senator from Sorel is the first lady to move the Address in reply to the Speech from the Throne. By speaking in the two official languages of Canada, she has encouraged those among her colleagues who, like me, speak English only, to try again to become as thoroughly bilingual as she is. Further, in her very first speech, she has proved to her male colleagues that even in the Senate, it is not good for men to live alone on earth.

(Text):

The honourable senator from Fredericton (Hon. Mrs. Fergusson), who, like many of us, belongs to the great legal profession is indeed specially well qualified to sit in this house.

In seconding the motion for an address in reply to the Speech from the Throne, the honourable senator made a splendid contribution; she exhibited an interest in not only the affairs of the home, but in matters provincial, national and international. In her concluding remarks she assured us that she and the other women senators would co-operate and collaborate with the male members of the Senate, but she expressed the fear that the male members might endeavour to dominate. Let me assure her that our attitude will be co-operation and collaboration ever, but domination never.

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Earlier this year, it was my privilege, and that of the honourable senator from Rosetown (Hon. Mr. Aseltine) and others of this chamber, together with members from the other house, to attend the beautiful Coronation ceremonies at Westminster Abbey. To describe those ceremonies adequately would be impossible. I shall never forget the occasion. We arrived at Westminster at 7.30 o'clock in the morning and left at a quarter to three in the afternoon, yet we did not feel that we had been there for more than a few hours. Every moment was interesting. Assembled at Westminster were representatives from the commonwealth countries and all the nations of the world, who had come either to pay homage or to pledge loyalty to our young Queen. It was, indeed, a religious and constitutional occasion, which none of us who were there will ever forget.

Today our Queen embarked on a long journey to visit many parts of the commonwealth. On this very day she was in Canada. I understand that the Governor General and the Prime Minister sent cables to Her Majesty, wishing her an enjoyable and happy journey to these far-off lands. I am sure that all honourable senators will want, at this time, to express with me their sentiments: to say that we wish our beloved Queen God-speed. a happy journey and a safe return to her darling children, the young Prince Charles and Princess Anne.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Since parliament prorogued last May many important events have taken place in Canada and throughout the world. One such event in this country was the general election, the result of which was, I am sure, generally satisfactory to all our people, including all honourable senators.

Some Hon. Senators: Hear, hear.

An Hon. Senator: That is "stretching it".

Hon. Mr. Macdonald: I do not think I am "stretching it", as an honourable gentleman has suggested, by including all honourable senators. In any event, we are all happy that the government was returned with an overall majority, and so does not have to depend on minorities to remain in power. To depend upon minorities may be all right under certain conditions, but certainly it is not workable under our system, whereby the government remains in power only so long as it has the confidence of the majority of the House of Commons.

The result of the election, in my mind, was due to two things in particular. The first was the magnificent leadership which the government has in our present Prime Minister. Irrespective of our politics, I feel that we are all very happy to think that Canada has at the head of its government a man of such sterling character, grit, intellect and incredible vitality as the Right Honourable Louis St. Laurent. I also feel that the result of the election was due to the government's policies, which met with the approval of a large—I was going to say majority—a large number of electors. As to majorities, I read in the press that the government did not receive a majority of the votes cast. I believe the figures show that the Liberal party received 49·98 per cent of the vote: they could not get much nearer to the half than that. The result was indeed a very substantial vote of confidence in the government. And it is a government of which we can all be proud, for not only in Canada, but throughout the world, it is recognized as an exceptionally good government. I will not detain you long on that matter, but I would like to read the words of the Honourable Lewis W. Douglas, former United States Ambassador to the Court of St. James and President of the Academy of Political Science who, speaking in New York on November 6 of this year, said:

> No country in the civilized community has been so well governed in the course of the last fifteen years or more as Canada.

That is my evidence.

The other day the acting Leader of the Opposition (Hon. Mr. Aseltine) asked me to endeavour to persuade the government to initiate more legislation in this chamber, and to do so promptly. I thought it was a novel suggestion, and a very good one. However, upon reading the debates of this house over the years I find that the Senate has always complained that it received practically no work at the beginning of a session, but that towards the end, in the very closing days, a great volume of work comes from the other place.

A number of honourable senators have been kind enough to refer me to a pamphlet containing extracts from the *Hansard* reports of speeches made in 1934 by Senators Murphy, Dandurand, Meighen and Robinson. I have read these speeches with interest.

I note that the Honourable Senator Murphy, speaking in this chamber on March 31, 1934, said:

> Let us begin our journey through the records of parliament with the year 1868. Few subjects have been more frequently discussed in this chamber than that of securing for it a greater volume of legislative business. Scarcely had the first parliament after Confederation got into working order when it was felt that under the then existing parliamentary procedure, something should be done to originate more bills in the Senate.

That was back in 1868. He continues:

> Accordingly, in 1868, a select committee was appointed to "consider and report whether by any alterations in the forms and proceedings of this house the dispatch of public business can be more effectively performed" and that committee, through its chairman, Sir Alexander Campbell, presented its report on May 7, 1868.

In this same pamphlet the Honourable Raoul Dandurand is quoted as follows:

> Since 1867 it has been a standing grievance of the Senate that we are idle for months and then overwhelmed with legislation. I recognize that a laudable effort has been made by my right honourable friend (Right Hon. Mr. Meighen) to alter this unsatisfactory condition, and that to a certain degree he has succeeded. It may be urged that since there has been no substantial improvement, there is no cure.

And the Right Honourable Arthur Meighen, speaking on March 8, 1934, stated:

> It is little less than a travesty that this chamber, prepared for work, ready to serve the people of this country should be compelled to wait more or less idly for weeks, perhaps for months, while discussions, which are no doubt necessary under any democratic system, are proceeding in the other chamber, and that a plethora of legislation should be thrown at us in the latter part of each session, when we have no opportunity to do what we ought to do in the way of reviewing it.

So this has been a burning question over the years. But I can assure honourable senators that although greater men than I have failed to bring more legislation earlier to the Senate, that fact will not deter me from making a further effort.

I was also very much interested in the discussion which took place the other day in the committee for the selection of committee chairmen, on the question of more publicity for the Senate. I thought that was a new subject too, but I find that it also has been a live question for a long time.

Hon. Mr. Euler: There is nothing new under the sun.

Hon. Mr. Macdonald: As the honourable senator from Waterloo suggests apparently there is nothing new under the sun. I find that on March 15, 1934 the Honourable Senator Robinson made these remarks:

> Much has been said on the question of the publicity of our debates. Naturally the activities of the Senate do not commend themselves to the notice of the newspapers of the dominion as much as does the work of the other chamber, but possibly the Senate itself is in a measure to blame for this lack of interest in its proceedings. It seems to me that we should not take a fault-finding attitude but should try to initiate something to make use of the power we have and to do work which will commend itself to the newspapers.

Speaking the other day, the acting Leader of the Opposition (Hon. Mr. Aseltine) spent a considerable portion of his time in discussing the matter of wheat. I am sure he did not wish to give the impression that the prairie farmers of Canada are hard up. I do not think one would necessarily get that impression from his speech, and I want to make it clear that I do not believe he gave that impression. However, I gather from what I have heard outside this house that many of our citizens believe the western farmers are financially embarrassed. I shall endeavour this afternoon to show that that is not so, and I think it is important to Canada and to the western farmers themselves that this wrong impression should be corrected. I have also gathered that there is an impression that very little grain has been exported from Canada this year. My information is that that is not so, that the exportation of coarse grains, oats and barley, is greater than it was in 1952, and also that from August 1 to November 4 of this year 80 million bushels of wheat have been exported, as compared with 108 million bushels in the corresponding period of last year. Statistics covering the exportation of all grains shows that the comparative decrease is only 19 million bushels. It is true that the farmers have a great deal of wheat on hand, and that our elevators are filled. But this is due in only a small measure to a reduction of grain exports. Never in our history has so much grain been sold so rapidly as during the two crop years which ended last July 31. Nor, be it noted, is this excess of grain on farms and in elevators the result of an increase of acreage. The fact is that the acreage this year is practically the same as it was twenty years ago. That there is so much wheat in Canada today is due almost entirely to the phenomenal yields which gracious Providence has made possible over the last three years. As honourable members know, in 1952 the wheat crop was the largest ever harvested in Canada; in 1953 the second largest crop was harvested; and 1951 was our fourth largest crop year. I do not need to remind honourable senators that it is most unusual for one bumper crop to follow another. According to my recollection, in days gone by it was usual to have a bumper crop followed by a medium crop; then, probably, some very poor crops, and over a period of time another bumper crop. So I repeat that it is doubtful whether Canada has previously had two bumper crops in succession, and I am sure that never before have there been three bumper crops, one after the other; and for these crops we should indeed be grateful.

In the past Canada has disposed of her crops, and I have no doubt she will dispose of them in the future. At the present time we are getting a fair share of the British market, in fact a share equal to that of any peacetime year. We are all happy in the knowledge that this country has some of her best salesmen in the United Kingdom, the continent of Europe, the Far East, and Latin America, endeavouring to sell our wheat. I do not say the task is an easy one; it is difficult; however, sales are being effected, and I am sure that under the dynamic direction of Canada's Minister of Trade and Commerce, the Right Honourable C. D. Howe, we can look forward with confidence to the future.

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Let me say a word about the financial position of our western farmers. It may be interesting to know that the income of the prairie producers during the period 1945-52 aggregated $5,781 million, or an average annual income of $722,600,000. The estimated income of the prairie producer for the year 1953 is $1,104 million, which is, I believe, a record. It will therefore be seen that during the present year, in spite of the fact that the farmers have a very large amount of wheat on hand—and that, I emphasize, is a very valuable asset—they will receive $381,400,000 more than their average over the last eight years. That, surely, is a very substantial increase.

What is the position of the western farmer in respect of indebtedness? I find that his heaviest load of debt existed in 1935; but I will take the year 1937 as a starting point, there having been in the two-year interval a considerable improvement. I have had an opportunity to see the report which was made by Gilbert Jackson and Associates. For a number of years Mr. Gilbert Jackson was a professor of economics at the University of Toronto: he is recognized as one of our leading economists; in fact he ranks with the leading economists of the world. According

to a table he has prepared, in 1937 the total farm mortgages of the prairie producers amounted to $347,800,000, and their other indebtedness to $435,800,000, or a total of $783,600,000. In 1952 these mortgages had been reduced to $111,800,000, and the total indebtedness to $486 million. In the meantime—that is, in the period between 1937 and 1952—farm values had increased from 2,024 million dollars to 4,800 million dollars. In other words, while the total indebtedness, both in mortgages and other debts, was being reduced, the total farm values had been more than doubled.

Honourable senators, I have referred to this table because I thought it would be of interest to you; it bears a number of explanatory remarks, and with the leave of the Senate I would ask that it be included in *Hansard*.

Hon. Mr. Roebuck: Carried.

See Appendix at end of today's report.

Hon. Mr. Macdonald: Honourable senators, from the figures I have quoted I am sure you will agree that the business men of Canada, in the east and in the west—and, in fact, business people throughout the world—can enter into transactions with our western farmers, fully confident that they are dealing with Canadians whose affairs are on a sound financial basis.

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: May I refer briefly to conditions generally throughout Canada. For the past few years employment has been at a very high level. More Canadians are employed this year in Canada than ever before. It is true that there is some sectional unemployment. Unfortunately, many of my fellow citizens of Brantford, normally employed in the farm implement industry and in textile plants, are out of work. The government, the mayor and city council, and the unions, are co-operating in an effort to alleviate the condition, and I hope considerable improvement will soon result.

As I have said, more Canadians are employed this year than ever before. Also, average weekly earnings have reached a peak. In 1939 the average weekly earnings in our manufacturing industries stood at the low figure of $22.79. Today they are $59.20.

This year Canada's national production has reached the sum of $24½ billion, which is four times higher than in 1939. We may justify our pride in our accomplishments by pointing to the fact that, measured in terms of population, of real output, and of production per employed person, our rate of expansion during the post-war period has exceeded that of the United States.

In the light of this buoyant economy, firmly established upon sound financial policies, Canadians may look forward to the future with confidence. Canada's population will continue to increase, and I do not hesitate to predict that by the end of this century it will exceed 30 millions and that the gross national income will be not less than $75 billion.

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: I hope some honourable senators will be here at the end of the century to see whether or not my prediction was correct. There will, doubtless, be temporary periods of readjustment, but so long as we have men of vision and integrity directing our affairs, and nations live at peace with one another, nothing can impede Canada's march of progress.

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Honourable senators, I have reminded you of Canada's rapid development in recent years. This development of course, is neither haphazard nor accidental, but rather is the result of sound financial policies through which the government has induced a healthy economic climate, thereby not only inspiring Canadians to develop their own resources but also encouraging the inflow of capital from abroad.

May I close with this quotation from the London *Financial Times*:

> It would be wrong to think that Canada has prospered and is prospering simply because she is abundantly supplied with raw materials and cheap power. Canada has another priceless asset—good government.

Some Hon. Senators: Hear, hear.

Hon. Thomas H. Wood: Honourable senators, may I join with those who have already spoken in extending my sincere congratulations to the honourable senator from Shelburne (Hon. Mr. Robertson) upon his appointment as Speaker of this house. In his former capacity as Leader of the Government in this house he had earned the esteem of his colleagues, and this elevation is an honour well deserved.

To the honourable senator from Brantford (Hon. Mr. Macdonald) may I tender my congratulations as well. To his new position as Leader of the Government in this chamber he brings a rich experience of public service in the other house, where he was and still is held in high regard. Their loss is our gain. He may be assured that every member of this house is prepared to co-operate with him in any problems he may have in connection with his present appointment. I fear, however, that he will not agree with all I have to say about wheat.

All honourable senators regret the absence through illness of the honourable senator from Winnipeg, the Leader of the Opposition (Hon. Mr. Haig). Even temporarily his place is not easy to fill, but the honourable senator from Rosetown (Hon. Mr. Aseltine) has already shown, in his first speech as acting Leader of the Opposition, that the position will be filled worthily and with fairness of judgment in matters which concern the welfare of the country.

To the mover and seconder of the Address in reply to the speech from the Throne, the honourable senator from Sorel (Hon. Mrs. Jodoin) and the honourable senator from Fredericton (Hon. Mrs. Fergusson), may I offer my sincere congratulations upon their respective appointments. Both these ladies and the honourable senator from Victoria (Hon. Mrs. Hodges) have served in public life over a period of years, and will continue to serve the public in the different field of activity which lies before them. In this regard we, their colleagues, are to be congratulated that these ladies have joined our ranks. To these and the other newly-appointed senators, we extend a sincere and hearty welcome.

As a representative of Saskatchewan, I should like to discuss two matters which especially concern my part of the country, namely, wheat and gas.

Speaking before this house for the first time in 1949, I drew attention to the wheat situation then existing. Even at that time there was evidence of wheat accumulating in the United States and Canada. The accumulation has continued steadily and, according to a report I have before me, issued by the Dominion Bureau of Statistics, this present year has shown a 22 per cent increase over last year's world wheat supply, or more than the amount of wheat produced in Canada in one year, if we take a ten-year average.

At that time I pointed out how the Second World War had eliminated many of our wheat markets—now behind the Iron Curtain. Certainly the recent food riots in East Germany indicate that if we could trade as freely now as before the war, wheat surpluses would quickly disappear. Recent reports coming out of Russia and her satellites show their war industries to be top-heavy and their agricultural production far short of the peoples' need.

What is the situation regarding wheat in those countries of Asia and Europe at present available to us as markets? If I am not mistaken, the governments of France and England are guaranteeing a price for their farmers' wheat higher than the price our growers receive and, at that, the wheat is of a poorer quality. It is only in recent months that the English miller has been permitted to mix more than 20 per cent hard wheat with the soft wheat grown in England or imported from other European countries and from sterling areas. It should be mentioned, however, that there is an understanding, though not a regulation, that because of the dollar shortage, the miller will not take advantage of this relaxation for the time being, but will maintain the 20 per cent proportion as in the past.

While in London this summer I met one of the Queen's representatives from Pakistan and had a talk with him about the tragic drought in his country last year. More recently, at a small luncheon gathering, we heard the High Commissioner for Pakistan speak at some length on conditions in his country. He asked us to visualize 80 million people living in an area about the size of Saskatchewan, still using, for the most part, ancient methods of farming and making a valient effort to meet their own needs by building irrigation projects and mechanizing their farms. He also spoke of last year's drought, and mentioned that they had bought $30 million worth of Canadian wheat, pointing out at the same time that this expenditure of $30 million would mean a lengthy delay in at least one of their irrigation projects.

I have mentioned Pakistan especially because that country could, in time, with the successful completion of their irrigation and mechanizing program, become a serious competitor of ours in the production of hard wheat. I understand that in the year before the drought they did export large quantities of hard wheat in order to get dollars for their irrigation projects.

India had a similar drought problem last year which was met by purchases of wheat and by gifts from producing countries, as well as assistance under the Colombo Plan. India too is gradually directing her energies toward the mechanization of her farms, though this will clearly take some time, because of the philosophy of the people. Mechanization and industrialization are much slower of acceptance there than in Japan, for instance, or even in China in recent years, where the necessities of war brought about many changes.

Last year Japan was faced with the problem of a rice shortage and, though I have not the accurate figures before me, I believe they purchased about 20 million bushels of our No. 5 wheat, which they used in combination with rice and starch to make synthetic rice.

Mechanized farming and shortage of dollars in the countries of Asia and Europe will add up to stiffer competition for our Canadian wheat. Since the end of the Second World War, Canadian and American farm implement companies have established manufacturing plants in Europe, Asia and South America. In western Canada one may readily see how thorough is the mechanization of our farms. This, along with the improved soil conditions and greater conservation of moisture brought about by different farm practices, contributes to the greater production and consequent surplus of wheat.

With the higher prices being obtained for his wheat, the farmer is purchasing chemical fertilizers in large quantities, and these further increase the amount of wheat produced. In a recent article published by the federal government, we read that in the year 1936 the whole of Canada used 8,200 tons of nitrogen as fertilizer, and in 1950 the quantity used was 770,000 tons. The use of other chemicals, such as potash and phosphate and weed killer, has increased accordingly, and the prairie farmer is the largest user. I am informed by a number of farmers that, depending upon moisture conditions, the use of these chemicals increases the yield from two to eight bushels per acre. This huge increase in the use of chemical fertilizers is not confined to Canada. In the United States and in parts of Europe their use is contributing to food surpluses.

As most honourable senators know, huge nitrogen plants were set up for the manufacture of explosives during the First and Second World Wars. In most cases these plants have been turned over to private companies to manufacture chemical fertilizers.

The population of the world has increased during the last decade, but so has the production of food, so that I believe we may say that North America and every democratic country of Europe—perhaps excepting England—have a food surplus in one form or another.

In addressing this House upon a previous occasion I drew attention to the conditions existing in Canada in the early thirties, when wheat produced in 1928 sold in 1932 for as low as 32 cents a bushel. And we had lots of wheat then, as we have now. It was pointed out that carrying charges and interest on advances amounted to almost as much as the selling price. Virtually the same condition exists now. If the farmer has to borrow money from the bank at 5 or 6 per cent to finance for three or four years, he might better take less for his wheat and get rid of it. Of one thing he may be assured—he will face stiffer competition in the production of wheat and other foodstuffs.

Soil culture and present soil conditions indicate that next year's crop may be as large as the one produced this year. In the final analysis it is the farmer himself who must decide how much food he must produce. He is in a position similar to that of the manufacturer of other daily essentials who reduces his output when he finds it has exceeded the demand. The farmer, reasoning differently, produces more, and not less, because the price is high.

Now may I discuss briefly a situation affecting not only eastern Canada but also western Canada—that is, the gas situation which is being discussed in both parts of the country.

First, I do not see how the Canadian government can logically set up regulations against the importation of gas. I refer to the Consumers' Gas Company who wish to bring gas into Toronto from fields which they own in Louisiana. Another company, the Union Gas Company, has been importing gas to Canada for five or six years, and no argument is heard against it. In fact, without the gas that it imports, many industries might have been obliged to close down.

I have heard many arguments that we must have an all-Canadian pipe-line because, in the event of war, the United States might cut off gas passing through their territory to eastern markets in either Canada or the United States and might also cut off gas being supplied to us by them direct. Honourable senators will surely agree that, during the First and Second World Wars, Canada shared proportionately with the United States in oil, gas and electrical power—in fact, in all the things we needed to fight a war. Should we have another war, we may be certain that the United States will be as concerned about Canada's needs as about their own. It is doubtful if we could, in our location, defend ourselves without the very considerable help of our neighbour to the south.

Honourable members are aware that recently a trade board was set up, consisting of cabinet ministers of the United States and Canada, for the purpose of dealing with all tariff problems arising between the two countries. A United States prohibition still stands against our dairy products, but we are hopeful that a solution will be found for this and for the sale of our oats to the United States which did, in one year, amount to about $50 million. It is likely that most of this oat crop comes from western Canada and, should the market be lost for even one year, it would represent a loss to our farmers far greater

than the revenue from all the gas we could sell to eastern Canada in the next five years.

I do not know of any honourable member in this or the other house who has not been concerned over the recent talk of trade barriers against many of our products entering the United States, and yet it is being advocated that we should not permit gas to come into this country from across the border. Should we be a party to a trade war or should we accept the goods of other nations so that we may trade with all parts of the world? This should apply, I think, to gas or any essential commodity. After all, trade operates on a two-way street.

I should like honourable members to know that I am not opposed to a Canadian route for gas, nor am I concerned about this matter for personal reasons. I have no investment in any gas venture as such, but I do realize that, for any all-Canadian route carrying gas to eastern Canada, we on the prairies will pay a larger proportion of the cost than should be ours.

In this house, upon several occasions, I have spoken of the situation regarding gas, and am still firmly of the opinion that we should, wherever possible, serve our own people first. However, any surplus gas—and there is certainly plenty of it—could be directed to, say, the middle of the continent, to Minneapolis and St. Paul, which together constitute a market as large as Toronto. In parts of Wisconsin, and in Detroit there is —and probably, in time, in Quebec and in other parts of Ontario there will be—a market for more gas. We might make an exception of the city of Toronto which could import its gas from the Tennessee Pipe Line and, within five years, serve its citizens at about two-thirds of the price they would be obliged to pay for gas brought from western Canada. Toronto is a large industrial city and, only by having cheap fuel and cheap power, can its industries meet the competition across the border and other parts of the world.

The Tennessee Pipe Line Company has made a firm contract with the Consumers' Gas Company of 53·6 cents per one thousand cubic feet, whether the load is 9 per cent of the line's capacity or 90 per cent, which latter is considered a full load. Trans-Canada Pipe Lines' original suggested price is 55 to 57 cents for a full load. Other charters for the same route have not quoted a price.

Honourable senators will realize that it may take between five and ten years to develop the full capacity of a pipe-line serving eastern Canada. If Trans-Canada Pipe Lines or others are able to start with not more and possibly less than 45 or 50 per cent capacity load, they cannot hope to deliver gas to Toronto for less than 70 cents per one thousand cubic feet, as against the 53·6 cents for gas from Louisiana regardless of the size of the load. And, at 70 cents per thousand cubic feet, gas cannot compete with any other type of fuel. I doubt if capital could be secured to finance a pipe line from western Canada to the Toronto market and wait ten years for dividends. A recent estimate of cost of an all-Canadian line was $320 million—many millions more than the original estimate upon which I have based the above figures of the cost of bringing gas by an all-Canadian line. Moreover, the prices quoted are prices to the distributors; what the consumer would pay, I would not know.

We must take the long view of this whole situation affecting gas and arrange to dispose of our present surplus gas to parts of North America where there is immediate need. My feeling is that any all-Canadian gas line will have to be built in two parts. In the first stage a line would be built to Regina and Winnipeg and continue to Minneapolis and St. Paul and other points. In the second stage eastern markets may be built up at a later date when facilities have been developed to meet the larger demand. If something is not done in this regard there is reason to fear that oil development in western Canada will be seriously retarded. Many firms with large holdings involving both gas and oil hesitate to drill these properties, knowing that in some cases the gas will have to be wasted in order to get the oil. And the government of Alberta will not permit this unavoidable waste. They are as concerned as anyone else about selling gas to their own citizens and to the rest of Canada, but they do not wish to be penalized in so doing.

In Saskatchewan, vast quantities of gas are being developed near the city of Regina, where I live. It would not be surprising if some company stepped in and supplied the city with gas from adjacent territory. It could be done easily and with a small pipeline, thus making it more costly for the longer pipe-line across Canada.

Honourable members, may I draw to your attention an important and inescapable consideration in this matter? The American investment in Canadian oil, gas and pipe-line development is in excess of half a billion dollars. Without this huge investment, I doubt very much if at the present time we would have need to discuss the question of exporting our oil or gas anywhere. Our worry would be how and from where we might import gas and oil. Over 55 per cent of the money invested in western Canada's oil and gas development came from the

United States, and I am quite sure that the United States government, through tax concessions, has had a hand in developing oil and gas reserves in western Canada, having in mind the remote but not impossible contingency of another war.

While on this subject, I should like to speak briefly about oil. It is expected that within three years we shall produce in Canada sufficient for our own need, which is expected to reach the figure of 500 thousand barrels a day. Up to seven years ago all our oil had to be imported, principally from the United States. If it were necessary now to import 500 thousand barrels a day, it would mean an expenditure of about $400 million a year. Consider what this would mean to Canada and our adverse balance of trade with the United States at the present time.

Another important consideration is that we shall have to sell some of our oil to the United States, for we cannot compete with the sale of oil from eastern United States if we must send Canadian oil much farther east than Toronto and surrounding territory. It is a great deal cheaper to bring it by water route and pipe-line from the east coast into Montreal to serve the eastern markets. So, some place along the line we shall have to make a compromise with the United States, in that they will purchase our surplus oil and gas in western Canada, and that we will purchase American oil and gas from the eastern United States for eastern Canada.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Gershaw, the debate was adjourned.

EXPLOSIVES BILL

FIRST READING

Hon. Mr. Macdonald presented Bill C, intituled "An Act to amend the Explosives Act".

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

APPROXIMATION OF FARM INDEBTEDNESS IN THE PRAIRIE PROVINCES OF CANADA
(Revised)
(in millions of Canadian dollars)

—	(i) Farm Mortgages (Assn. only)	(ii) Farm Mortgages (Non-Assn.)	(iii) Total Farm Mortgages	(iv) Farm Loans by Chartered Banks	(v) Other Farm Debt	(vi) Approximate Total Indebtedness	(vii) Total Farm Values	(viii) Percentage of Total Debt to Total Farm Value
	$	$	$	$	$	$	$	%
1937.....	182·3	165·5	347·8	23·0	412·8	783·6	2,024·2	38·7
1946.....	52·0	107·6	159·6	43·9	164·4	367·9	2,692·6	13·7
1947.....	47·1	(103·3)	(150·4)	58·9	167·2	376·5	—	—
1948.....	36·2	(99·2)	(135·4)	64·8	183·9	384·1	—	—
1949.....	32·5	(95·2)	(127·7)	73·8	186·7	388·2	3,773·3	10·3
1950.....	34·7	(91·4)	(126·1)	102·3	179·6	408·0	4,135·0	9·9
1951.....	31·7	(87·8)	(119·5)	119·6	210·9	450·0	4,669·7	8·7
1952.....	27·5	(84·3)	(111·8)	133·7	240·5	486·0	(4,800·0)	(10·1)

Sources and Explanatory Notes for table on Approximation of Farm Indebtedness in the Prairie Provinces of Canada

Sources include:

(a) Annual Reports of Dominion Mortgage and Investments Assn., Toronto, for column (i);

(b) "Census Statistics of Agriculture in the Prairie Provinces, 1921-1946", Canada Year Book, 1948-49;

(c) Dominion Bureau of Statistics; Handbook of Agricultural Statistics (Feb., 1952), Part II Farm Income; Farm Net Income, 1952 (pub'd 1953);

(d) Bank of Canada Statistical Summary, for "Farm Loans by Chartered Banks".

Explanatory notes and comments:

The term "approximation" is used advisedly because few of the series, except column (i), are obtained directly.

"Farm Loans by Chartered Banks" are not given by provinces, so are shown as 40% of the Canadian total for each year, or roughly the average proportion of "Net value of agricultural production" for the Prairie Provinces relative to that of Canada as a whole.

Figures for 1937, except in column (iv), are based on the quinquennial census of 1936, and adjusted where deemed necessary.

Figures for 1946, again excepting column (iv), are based on the census of that year.

Remaining figures in columns (ii) and (iii) are extrapolated after informal discussion with other authorities.

Column (vi) is obtained from the annual series for "Interest on Indebtedness", by provinces. The figures shown in the table assume an average interest rate of 5·88% in 1937 and of 5% in each of the years 1946 to 1952 inclusive. This series does not include interest on mortgages paid by owners of rented farms, though it is implicit in the series on "Gross Rent" under Farm Operating Expenses and Depreciation Charges (by provinces). Since there is little evidence of any significant change in absentee farm ownership in the Prairie Provinces during the period covered, the omission of interest on mortgages for rented farms does not materially affect the degrees of change shown in the table.

Column (v) consists of straight residuals between the sums of figures in columns (iii) and (iv) and the totals in column (vi).

Column (vii) includes combined value of farm land, buildings, livestock and machinery, but not of grain stored, which of course is closely affected by column (iv).

Column (viii) represents the ratio of column (vi) to column (vii).

The 1952 figures in columns (vii) and (viii) are personal estimates, and probably err on the conservative side, i.e. the known sharp increase in the value of farm machinery and buildings has been heavily offset by the estimated reduction in livestock values.

THE SENATE

Wednesday, November 25, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports numbers 7 to 22, both inclusive, dealing with petitions for divorce.

The Hon. the Speaker: Honourable senators, when shall these reports be taken into consideration?

Hon. Mr. Roebuck: Tomorrow.

EXTERNAL RELATIONS

REQUEST FROM UNITED STATES FOR PERMISSION TO QUESTION IGOR GOUZENKO—TEXT OF CORRESPONDENCE

Hon. W. Ross Macdonald: Honourable senators, yesterday the honourable senator from De Salaberry (Hon. Mr. Gouin) asked me if I would make a statement with respect to the request of the United States of America for permission to question Igor Gouzenko. Four notes have passed between the State Department of the United States and the Canadian Embassy at Washington. These notes are dated respectively October 29, 1953; November 4, 1953; November 19, 1953, and November 25, 1953. I think the best way to answer the inquiry of the honourable senator would be to table copies of these notes. If honourable senators so desire, I would be pleased to read them.

Some Hon. Senators: Read them.

Hon. Mr. Macdonald: The first note, dated October 29, 1953, is from the State Department to the Canadian Embassy in Washington:

The Secretary of State presents his compliments to His Excellency the Ambassador of Canada and has the honour to advise that the Department of State has been informed by Mr. Robert Morris, Counsel for the Senate Internal Security Sub-Committee, of his desire to interview Mr. Igor Gouzenko in Canada. Mr. Morris has further inquired of the Department of State how such an interview could be arranged. He has been informed that his request would be submitted to the Government of Canada through its Embassy in Washington.

Mr. Morris desires the Department to mention that he has noted the publicly expressed desire of Mr. Gouzenko to talk to the Senate Internal Security Sub-Committee and that the Chairman of this Committee, Senator William E. Jenner, considers this offer to be valuable.

It would be appreciated if the Department of State might be informed concerning the reply the Canadian Government desires to be made to Mr. Morris on this matter.

The reply to that note was sent on November 4, 1953, by the Canadian Embassy at Washington to the State Department. It reads as follows:

The Ambassador of Canada presents his compliments to the Secretary of State and, in reply to his note of October 29 transmitting a request from Mr. Robert Morris, Counsel for the Senate Internal Security Subcommittee to interview Mr. Igor Gouzenko in Canada, has the honour to state as follows:

1. Apparently Mr. Morris' wish to interview Mr. Gouzenko arises from the fact as stated in your note of October 29 that he has "noted the publicly expressed desire of Mr. Gouzenko to talk to the Senate Internal Security Subcommittee". This presumably refers to a statement attributed to Mr. Gouzenko in an article in the Chicago *Tribune* that he had some further information.

2. Before this request had been received from Mr. Morris, Mr. Gouzenko had already been questioned concerning his alleged statement since, if there had been any additional information, it should have been given to the Canadian authorities. Mr. Gouzenko, however, denies that he has any further information beyond what was reported in the Royal Commission's report.

3. Mr. Gouzenko states that he has been misquoted by the Chicago *Tribune* and denies both the alleged remarks concerning additional information and the alleged criticism of the handling of the case or the use of the information derived from it.

4. Under these circumstances, it is presumed that the reasons for Mr. Morris' request to interview Mr. Gouzenko have disappeared.

5. All information connected with this case which could be of value to the United States Government was promptly transmitted without delay as soon as it was available.

The next note is from the State Department to the Canadian Embassy in Washington dated November 19, 1953. It reads as follows:

The Secretary of State presents his compliments to His Excellency the Ambassador of Canada and has the honour to refer to the Ambassador's note No. 807 of November 5 with regard to the request of Mr. Robert Morris, Chief Counsel for the Internal Security Sub-Committee of the Senate Committee on the Judiciary, to interview Mr. Igor Gouzenko in Canada.

The information in the Ambassador's note was conveyed to the Chief Counsel for the Internal Security Sub-Committee, but its chairman, Senator William E. Jenner, has now written to the Secretary of State that "there are certain facts on espionage in the United States (originating with Gouzenko) now in the record of the Internal Security Sub-Committee which do not appear in the report of the Canadian Royal Commission". Senator Jenner attached to his letter to the Secretary a Sub-Committee press release of November 7, 1953, containing the text of the previous exchange of notes between the Secretary of State and the Canadian Ambassador on this subject, with comment by Mr. Morris, including the following:

"Certainly the excerpt in the secret security memorandum of 1945, which has become known as

the 'Nixon memorandum' concerning the fact that the secretary to the Secretary of State Stettinius was a Soviet agent, was not in the report of the Royal Commission.

There are also other statements in that same memorandum which likewise were not published in the Royal Commission's report."

In view of the foregoing, Senator Jenner has asked the Secretary of State to renew to the Canadian Government the sub-committee's request that Mr. Gouzenko be made available for questioning by the sub-committee.

That note was answered by the Canadian Embassy in a note to the State Department dated November 25, 1953, which reads:

The Ambassador of Canada presents his compliments to the Secretary of State and has the honour to refer to his note of November 19, 1953, concerning the request of Senator William E. Jenner, Chairman of the Internal Security Sub-Committee of the United States Senate Committee on the Judiciary, that the Canadian Government make Mr. Igor Gouzenko available for questioning by the sub-committee.

Careful consideration has been given to this request, taking into account the special responsibility which the Canadian Government has assumed for Mr. Gouzenko's protection and the arrangements which have been made to provide a new identity for him, his wife and his family.

Mr. Gouzenko has been given the rights of Canadian citizenship and he is, therefore, at liberty to give his views on any question to anyone in Canada or the United States. He naturally must consider for himself the effect of his actions on the special measures that have been taken in his own interest and at his request, to protect his security and to conceal his identity.

The Canadian Government fully appreciates the importance of full and close co-operation between Canada and the United States in exchanging information important to the national security of both countries. All information without any exception, which was provided by Mr. Gouzenko to the Canadian Government, has always been made available to the competent United States authorities as it became available to the Canadian authorities. Moreover, the facilities have been extended to the United States authorities to clarify any point arising out of Mr. Gouzenko's evidence or views.

In this connection, the Federal Bureau of Investigation has had access to Mr. Gouzenko as and when requested. Mr. Gouzenko has, in fact, been interviewed on the F.B.I.'s behalf on a number of occasions, the latest date being August, 1950. This has been the situation since 1945 and remains the situation now.

The material secured in this way by the F.B.I. included information which was not made public in the report of the Royal Commission because such information related to activities outside Canadian territory which was not relevant to that report.

In addition to the facilities used and available to the F.B.I., the Secretary of State will recall that in May, 1949, the United States Government requested the Canadian Government to arrange for representatives of the Immigration Sub-Committee of the United States Senate Committee on the Judiciary to interview Mr. Gouzenko confidentially in relation to the Sub-Committee's examination of specific questions relating to immigration procedures. The Canadian Government made the necessary arrangements and the interview with Mr. Gouzenko took place under Canadian auspices in the presence of a member of the United States Embassy and two representatives of the Sub-Committee. Mr. Gouzenko's evidence included general statements on the operation of Soviet espionage networks, as well as such information as he had concerning operations in the United States. This interview revealed no information which had not already been made available by the Canadian authorities to the competent United States authorities.

The note of November 19 from the Secretary of State refers to a "secret security memorandum of 1945". The memorandum referred to was apparently prepared by and is in the possession of the United States authorities. The Canadian Government is unaware what information is contained in this memorandum. In so far, however, as the excerpt from it in the Secretary of State's note which refers to a United States official is concerned, all such information from Mr. Gouzenko's testimony was conveyed to the F.B.I. through their representative in Ottawa.

As stated in the note addressed by the Canadian Embassy in Washington to the State Department on November 4, 1953, Mr. Gouzenko has denied to the Royal Canadian Mounted Police that he has any further information to communicate.

It is in the light of the foregoing considerations that the Canadian Government has examined the second note of the Secretary of State on this matter. It is noticed that whereas the first note forwarded a request of the Senate Internal Security Sub-Committee to interview Mr. Gouzenko in Canada, the present request of the Chairman is that he be made available for questioning by the Sub-Committee.

The Canadian Government believes that there has already been ample opportunity for Mr. Gouzenko to give information and make known his views to the United States authorities through established channels. Nevertheless, in view of the second note from the State Department, the Canadian Government is willing, if Mr. Gouzenko agrees, to make arrangements for a confidential meeting, under Canadian auspices, at which any person designated by the United States Government could be present, it being understood, as it was in 1949, that the evidence or information thus secured would not be made public without the approval of the Canadian Government.

These four notes will appear in *Hansard*.

Hon. Mr. Gouin: Thank you.

Hon. Mr. Reid: Honourable senators may I be permitted to ask a question arising out of what has just been read? I listened very carefully and, unless I am wrong, I take it that the whole incident arose, in the first instance, because of a newspaper account appearing in the United States, to the effect that Mr. Gouzenko had said he was willing and anxious to appear before the United States Senate committee. My question is this: Has a check been made to find out if Mr. Gouzenko did say that, and, if not, how it got into the American press?

Hon. Mr. Macdonald: I have no information as to whether or not he did say it. In fact, I have no further information than is contained in the notes that have been forwarded by the representatives of the Canadian Government at Washington to the American State Department.

DISABLED PERSONS

PROPOSED ASSISTANCE PROGRAM—INQUIRY

Hon. Mr. Reid: Honourable senators, I wish to direct a question to the honourable leader, and perhaps it may be taken as a notice of motion. In answer to a question in the other house the Minister of National Health and Welfare stated yesterday that seven provinces had agreed to co-operate with the federal government in the proposed dominion-provincial program for assisting disabled persons. My question is: Which seven provinces are these?

Hon. Mr. Macdonald: I will endeavour to obtain the information and give it to the honourable senator as soon as possible.

The Hon. the Speaker: Honourable senators, I think it would be to the benefit of all concerned if, in accordance with our custom, an inquiry of that kind were placed in writing.

Hon. Mr. Reid: I am starting no new precedent; I have made inquiries orally before.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mrs. Jodoin for an Address in reply thereto.

Hon. Mr. F. W. Gershaw: Honourable senators, may I, first of all, congratulate His Honour the Speaker on his appointment to the high office which he now holds. I would also like to say to our new Leader of the Government (Hon. Mr. Macdonald) that we appreciate the skill with which he has commenced his duties in this house. We know that he will live up to the high traditions of his office, and we assure him that he has our highest regard and loyalty.

Hon. Senators: Hear, hear.

Hon. Mr. Gershaw: The leader of the Conservative party in this house (Hon. Mr. Haig) has met with sorrow and suffering: sorrow at the sudden death of his wife, and suffering from a personal accident. We can only hope that in the near future he will be able to return to his seat in this house.

I wish to offer my congratulations to the mover (Hon. Mrs. Jodoin) and the seconder (Hon. Mrs. Fergusson) of the Address and, in a very humble way, to express to them and to the other new senators a hearty welcome. As senators they will be able to make a real contribution to the welfare of Canada. They will find in this chamber very little partisanship. It is true, however, that occasionally the division bell rings; but in my time at least —and I understand it has been the experience of others who have been here longer than I have—divisions have never taken place along party lines.

In the short time at my disposal this afternoon I should like to discuss only the subject of national health. I particularly want to stress the benefits which the Trans-Canada Medical Plan offers to the people of this country.

The Department of National Health and Welfare has become one of the big branches of government; great interest is being taken in the ever-expanding social security program and in the steadily-progressing plan for medical care. In this High Court of Parliament, through the press and at meetings of organizations the question is often asked, "When is Canada going to have a national health insurance scheme?"

As a further indication of the interest taken in this subject the Conservative party, in the last federal election campaign, advocated a voluntary system of health insurance by which the doctor-patient relationship would be maintained. The C.C.F. party made national health insurance a plank in their campaign platform, and they brought forward a petition signed by 100,000 people demanding an all-embracing health scheme which would provide medical, surgical, mental, obstetrical, optical and other care to the people of Canada, regardless of income.

Recently the Trades and Labor Congress, with a membership of 560,000, held a convention at which a resolution was passed demanding a system of national health insurance which would give all the benefits I have mentioned, plus hospitalization and psychiatric treatment. The president of that organization even proposed that under such a scheme the doctor should be paid a salary, instead of being on a fee-for-service basis.

I am bound to say that an arrangement such as that would not be acceptable to the Canadian Medical Association; and even if it were, it would be a most difficult policy to put into operation. Doctors differ in their training, in the instruments and equipment they require to carry on their practice, in their experience and indeed in their inclination to work long hours. Further, conditions change from locality to locality. It would, therefore, be almost impossible to work out a salary arrangement for doctors. If health insurance were brought in and the doctors paid on a fee-for-service basis, a schedule of fees for the various services would have to be set down and agreed to by all parties.

There has been much discussion about the attitude of the Canadian Medical Association towards national health insurance. I should like to point out that the association has approved the principle of a health insurance plan, and its members are willing to co-operate in any scheme which will benefit the health of the people generally. The doctors have pointed out that adequate nutrition, good housing and proper working conditions all have a great influence on the ravages of disease on the human body. Further, they stress that they do not want to do anything that will in any way lower the rapidly rising standards of medical practice. They do, however, want to see in Canada a health plan which will enable every man to insure himself and his family against unpredictable costs for medical and hospital care.

Sickness insurance is nothing new. As long ago as 1883 Bismarck introduced such a system into Germany. A compulsory insurance scheme became operative in Austria in 1888, in Hungary in 1891, and in Britain and in Northern Ireland in 1911. In fact, at the present time there are throughout the world nine countries with voluntary health insurance schemes and at least thirty-two with compulsory schemes.

Before a national health plan could become operative in Canada, our constitution would require that certain preliminary steps be taken. For instance, under a federal plan every province would have to agree to be included, and such points as a token payment for services would have to be considered. The provinces of British Columbia and Alberta already provide hospital accommodation, but under their plans the patient is required to pay a small part of the hospital cost, namely, $1 a day. The people of Great Britain have recently been asked to pay a certain amount for medicines. Such token payments go a long way towards reducing the premium covering the cost of the service. And so long as the required payment is small enough not to deter anyone from getting proper attention it has the additional advantage of maintaining a measure of self-reliance on the part of the person receiving the service.

Social security falls into two divisions: social insurance and social assistance. Social insurance stems from away back. In the days of the Roman Empire some attempts were made to provide social security; and down through the ages people have felt they should save a little money when they are well to pay expenses when they are sick—that they should, as it were, provide a little something for a rainy day, so that if disaster comes they will not be on charity.

I have thought, honourable senators, that it might be a good idea for our Standing Committee on Public Health and Welfare to investigate the whole national health problem. Out of such an investigation I believe would come a decision to expand the scope of the Trans-Canada Health Plan. This non-profit plan, which has been worked out by the Canadian Medical Association, provides all the types of prepaid medical care I have mentioned. It is in operation now in nine provinces. The benefits vary from province to province, but a director has now been appointed to try to make them uniform, to adjust them to what the people wish to pay and to provide that a person who moves from one province to another shall be able to continue his membership. Groups may join this organization. In such cases every individual member is given a card, which is shown to the doctor when medical care is required. That is all that is done in regard to payment. The patient-doctor relationship is maintained, and the patient can go to the doctor of his choice. This plan is very popular among the doctors, and people who receive its benefits are some of its strongest supporters. The number of members insured under this plan is rapidly increasing. Each member pays a premium, and there may be some people, particularly in the lower-income brackets, who would need help in making the payment: if so, that could be undertaken by some taxing body.

Hospital accommodation is very, very expensive today. This is a different branch of medical care, but a very important one. The "Blue Cross" Hospital Plan offers insurance in this field and, as I mentioned, two of the western provinces provide hospital accommodation through an insurance scheme. For the past six years Saskatchewan has had a compulsory scheme of this kind. The annual rates of payment there are: for an adult $15, for a child under 18 years $5, and for a family not more than $40. Of course, these payments do not cover the whole cost. The 1952 rates, which were a little lower than these, brought in a revenue of only $6 million, whereas the total cost was $15 million. The difference was made up by general taxation and resulted in an increased rate of some 2 mills on the assessed value of property in the province. However, that matter is being looked into. Moreover, as I have said, hospital accommodation is a separate branch.

We do not know what it would cost to inaugurate a national health insurance scheme. The figure of $600 million has been mentioned. We do know that $373,800,000 is now being spent for medical and hospital

services. Of that amount 25 per cent is already being paid into the prepaid medical and hospital schemes; another 25 per cent goes to the doctors, 19 per cent for medicines, 12 per cent for hospital care, 9 per cent for the dentists and the balance for other services.

Five years ago a national health plan was announced by the dominion government. Since then $100 million has been handed over to the provinces for health purposes. In fact, some 46,000 additional hospital beds have been provided, and some 144 communities have hospital accommodation which they did not have before. This is a fortunate condition, because nothing is more frustrating, medically speaking, than to have a really sick patient for whom no hospital accommodation is available and who may have to wait for days or weeks to get hospital space.

Under the program of the last five years a renewed attack has been made upon such things as mental illness, tuberculosis and cancer. In the words of the Minister of National Health and Welfare, the Honourable Paul Martin:

> The achievement of this scheme is but a part of a great forward movement, approved by all individuals and all governments, to improve the health of the Canadian people.

So much has been done. But of course much remains to be done. For instance, we should foster an educational campaign so that the very best preventive measures which science has worked out will be made use of. Let us continue research work. During the last few years nature has released some of her secrets. At the beginning of this century the average span of a human life was only about fifty years; it is now about sixty-eight years; and this change has come about because contagious diseases which at one time wrought such havoc among children have been to a great extent overcome. There are still worlds to conquer, so that research work must be maintained and extended to the limit of our capacities.

Let us exercise better judgment and more common sense in driving our automobiles. Listen to the radio: ask any admitting officer in a hospital what he sees of tragedy in emergency cases arising from traffic accidents. A short time ago two men stepped out of a car to help the occupant of a stalled car: along came a third automobile at a terrific rate, banged into the stalled car and killed all three of the men. Such things should not exist at this stage of our civilization.

As I have said, the man or woman who is desperately ill should have the very best care that the age can provide. Insurance is recognized as a very good investment; and the type of insurance which the Trans-Canada Medical Plan provides should appeal to all the people of Canada: it seems to me that it offers the best means of promoting the national health.

In every country of the world, under every economic system, the search continues for some policy which will bring about conditions whereunder every individual can lead the good life, with all that it involves; wherein every person shall have the very minimum of suffering and distress. It seems to me that better medical and hospital care is a step towards that ideal. The closer we can come to that ideal, the more effectual are likely to be our efforts to induce other countries to adopt the democratic system of government. The end and aim of legislation, of course, is to improve conditions among the people; and the closer we can come to this ideal, the more joy and happiness there will be in our homes, and the more effectual will be our efforts to hold back that rising tide of communism which has already engulfed a third of the peoples of the world.

Hon. Senators: Hear, hear.

Hon. James P. McIntyre: Honourable senators, first of all I wish to congratulate His Honour the Speaker (Hon. Mr. Robertson) on his elevation to the high position he now holds and to express my confidence that he will discharge his responsibilities in a fair and impartial manner.

I extend congratulations also to the Leader of the Government in this chamber (Hon. Mr. Macdonald): his long experience in the other place qualifies him to discharge his duties in keeping with the traditions of this chamber.

I also desire to extend a cordial welcome to the members who have been recently appointed to this chamber, and to compliment the honourable senator from Sorel (Hon. Mrs. Jodoin) and the honourable senator from Fredericton (Hon. Mrs. Fergusson) upon their speeches in respectively moving and seconding the Address in Reply to the Speech from the Throne. I think they did a splendid job, and brought honour not only to themselves but to the provinces they represent.

Hon. Senators: Hear, hear.

Hon. Mr. McIntyre: It is fitting, I believe, that honourable senators should give some history of the background of their native provinces. This I intend to do in my few remarks in the interest of the tourist business, which has become a profitable asset not only to Prince Edward Island but to all our provinces. I wish to have it distinctly understood, however, that what I say is not meant to be in any way of a boastful nature.

The honourable acting Leader of the Opposition (Hon. Mr. Aseltine), in his fine speech last week, mentioned that the honourable senator from Fredericton, in seconding the Address in reply, devoted most of her remarks to her native province. He then admitted that his own first speech in this chamber pertained principally to the affairs of his adopted province of Saskatchewan. And it is interesting to note that the honourable senator from Regina (Hon. Mr. Wood), in his speech yesterday, referred mainly to wheat and natural gas, matters that particularly concern his province, which also is Saskatchewan.

The acting Leader of the Opposition also remarked that he had never visited two of our provinces, namely, Newfoundland and Prince Edward Island. As he has not been to Prince Edward Island, I feel sure he would be interested to hear something about it.

All the land is low and the most beautiful it is possible to see, and full of beautiful trees and meadows. This is a land of the best temperature.

This is how Jacques Cartier described Prince Edward Island when he came across it in June, 1534. During its occupation by the French it was known as Isle St. Jean, and it was not until 1798 that it was renamed Prince Edward Island, in honour of Prince Edward, Duke of Kent, the father of Queen Victoria. Soon after the fall of Louisbourg, in 1758, the British took possession of the island and it was finally ceded to Great Britain by the Treaty of Paris in 1763, at which time it was placed under the government of Nova Scotia. In 1769 the island was given a separate government, and in 1773 the first General Assembly met at Charlottetown.

Although Prince Edward Island did not join confederation until July 1, 1873, it has often been called the "cradle of confederation", for it was at Charlottetown, on September 1, 1864, that a conference was held to consider a possible union of the Maritime provinces, and the visit of a delegation from Canada widened this into the general conference which brought into existence the Dominion of Canada.

Prince Edward Island is approximately 145 miles in length from east to west, and from 4 to 35 miles in width, covering an area of 2,184 square miles, or nearly 1,400,000 acres. The island was originally larger than it is now, but the action of the sea has worn away the shores on all sides, particularly on the north. The sand dunes that have formed on this shore now bar the sea from the land, and beyond these barriers are miles of magnificent beaches, affording the finest of surf bathing. Although the island is small in area it has a shore line extending 1,020 miles, and no part of the island is far from tide water.

Few places, if any, on the American continent, possess the pastoral scenery and natural beauty spots to be found on Prince Edward Island. Its beautiful groves, gently undulating hills covered with the greenest of verdure, and freely flowing streams are all pleasing to the eye. The long, smooth beaches and red cliffs rising out of the blue sea add an appealing touch to the scenery. There is neither a mountain nor a very high hill on the whole island, and rock exposures are seldom seen except along its shores. One of the outstanding characteristics of Prince Edward Island is its ideal summer climate with its clear skies, sunny days and cool nights. Owing to the influence of the surrounding sea, the province is singularly free from extremes of heat and cold.

Prince Edward Island is the most densely settled province of Canada, with a population of about 95,000 to 100,000 people, 75 per cent of whom live in the rural areas. Persons over seventy years of age make up more than 6 per cent of the population, a percentage much higher than that of the same age group in any other province. The longevity of its people is attributed in part to the vivifying air and healthy life of the island.

The chief industry of the province is agriculture, and this accounts for the high percentage of its rural population. No minerals of economic importance are mined in Prince Edward Island, but there are occurrences of sand, gravel, building stone and peat. The shale formation of certain districts has attracted the attention of petroleum prospectors, and boring concessions have been granted by the government to promoting companies. About twenty-five years ago, some actual boring operations did take place to the depth of about one mile, but without success; and a comparatively short time ago further boring was undertaken, with the same lack of success.

Manufacturing industries are few, and of these many are only seasonal, being mainly allied with the farming and fishing industries. However, creameries and cheese factories are scattered throughout the island, and they cover the province with their milk routes. There are large creameries at Charlottetown and Summerside; and central creameries, where cream is gathered by rail and truck, are located at a number of other points. The manufacture of potato starch is carried on in several localities, and fruit, vegetables and

meat are produced in various quantities. Many lobster canneries dot the shore line and give employment to several thousand people during the open lobster-fishing season. There is a large meat-packing plant, and tobacco factories, machine shops, and so on. Flour and lumber mills are to be found throughout the island. Our manufacturers, though comparatively few, have established a fine reputation in other countries as well as in Canada.

The fishing industry is very important, but takes a secondary place to agriculture. Prince Edward Island, situated as it is in the Gulf of St. Lawrence, where may be found large quantities of practically all varities of fish that inhabit the waters of the Atlantic coast of Canada, is in a position to take a leading place among fish-producing countries. However, circumstances have prevented its fishermen from taking full advantage of their opportunities, and fishing still remains a secondary industry in the province. But the island is noted for the fine flavour of its fish products, and it is able to profitably export lobsters, oysters, cod and smelts. Fishing for trout, clams and salmon is greatly enjoyed by the residents and is now a major attraction for tourists.

Agriculture, principally mixed farming, is the chief industry and source of wealth. About 70 per cent of the population is engaged in it, and the province is widely known for the variety and excellence of its products. Dairy products, beef, wool, lamb, bacon hogs, poultry products, foxes, seed potatoes, seed grain, and fruits are among the island's major sources of income.

More than 87 per cent of the area is under occupied farms; and farming affords a direct livelihood for three-fourths of the population and an indirect one for a large percentage of the remainder. The various names by which Prince Edward Island is known abroad attest to the place given to agriculture and the high value placed upon the island's products: "The Million-Acre Farm," owing to the large proportion of arable land; "The Garden of the Gulf," from its great productivity; "The Denmark of Canada," from the prominence given to dairying and "The Home of the Fox Industry," from the fact that the name of Prince Edward Island is indelibly associated with the pioneers' efforts to domesticate the fox.

A combination of assets make Prince Edward Island an ideal summer holiday land for tourists. It is easily reached by train, while good motor roads through interesting and diversified country also lead to the province. No part of the island is more than a few miles from the sea or its inlets, and sea bathing and boating may be indulged in nearly all round the coast. The angler will find good trout and other fishing in many streams amidst surroundings of the most pleasant nature. The pastoral scenery has a singular loveliness and charm. Miles of paved roads make motoring a pleasure. The accessibility of golf-courses, beaches, summer hotels, a splendid national park, the presence of historic sites of national interest, the quiet havens of rest and a delightful climate, all tend to appeal to the tourist's fancy. Fresh seasonable foods of wide variety, for which the island is famous, are always available, and tourists will find all their requirements met.

To substantiate what I have already said, may I read from an article which appeared in the *Guardian*, on September 21, 1953, under the caption, "Had Warm Praise for Island Province":

> A noted American visitor during the month of August was Mr. Kim Sigler of the State of Michigan, Ex-Governor and outstanding trial lawyer.

Writing of his impressions of the Island, Mr. Sigler said:

> It has been my good fortune over the past few years to have flown my own plane into almost every nook and corner of the western hemisphere from the tip of South America to the Arctic Circle. In all those miles I have never found a more peaceful and enjoyable spot than Prince Edward Island. Coming across from the mainland we were flying about six thousand feet, the sky was clear, the visibility was unlimited and there lying before us was that beautiful expanse of well-improved farm lands as far as the eye could see. As one looks at Prince Edward Island from the air, it looks like a veritable garden spot, so green and rich with its fields laid out in an interesting checker-board.
>
> When I was within radio distance of the airport I called on my two-wave radio and was immediately impressed with the friendliness of the operator whom I had never met or seen. From then on during our entire stay that same spirit of friendliness prevailed.

Mr. Sigler expressed surprise at the island's large exports of potatoes, fish and cheese. As he put it, "With your transportation difficulties you have done a mighty fine job". He went on to say that in a recent public address he had had the pleasure of telling a large audience of the delightful gem that lay so nicely situated in the Gulf of St. Lawrence.

In closing, I wish to extend a cordial invitation to the acting Leader of the Opposition (Hon. Mr. Aseltine) and his good wife to visit the province of Prince Edward Island whenever it may be convenient for them to do so.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Bradette, the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, November 26, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

TOURIST TRAFFIC

COMMITTEE EMPOWERED TO MAKE INQUIRY

Hon. Mr. Buchanan: Honourable senators, with leave, I move:

That the Standing Committee on Tourist Traffic be empowered to inquire into and report upon the activities of the various agencies concerned with promoting tourist travel in Canada, and that the committee be authorized to send for persons and records.

I might explain that the purpose of moving this resolution today is that the committee shall have the powers asked for, so that if the committee holds a meeting in the near future it will be able to proceed along the lines proposed in the resolution.

The motion was agreed to.

DISABLED PERSONS

PROPOSED ASSISTANCE PROGRAM—INQUIRY STANDS

Hon. Norman P. Lambert: Honourable senators, yesterday the honourable gentleman from New Westminster (Hon. Mr. Reid), asked the Leader of the Government (Hon. Mr. Macdonald), as recorded at page 51 of *Hansard*, which seven provinces had agreed to co-operate with the federal government in the proposed dominion-provincial program for assisting disabled persons.

Unfortunately I am not able to give him that information today, owing to the fact that I have been unable to get in touch with the Minister of National Health and Welfare. I would ask the honourable senator if he would be good enough to wait until next week for this information.

The inquiry stands.

INCOME TAX

FEDERAL GOVERNMENT EMPLOYEES EXEMPTED DURING SERVICE ABROAD—INQUIRY ANSWERED

Hon. Mr. Reid inquired of the government:

What is the number of Canadians, apart from those in the Armed Forces, employed or engaged by the federal government for service outside of Canada, who are relieved of the payment of income tax during the time of their service outside the country?

Hon. Mr. Lambert: The answer to the question is as follows:

By section 139(3)(c) of the Income Tax Act a person employed or engaged by the federal government and serving outside Canada retains his status as a resident of Canada for income tax purposes and is liable for Canadian income tax if he was resident in Canada immediately prior to his appointment or employment by Canada or if he received representation allowances in respect of the year.

It is possible that there are some Canadians employed or engaged by the federal government and serving outside Canada who are not subject to Canadian income tax for the reason that they were neither resident in Canada immediately prior to their employment nor in receipt of representation allowances, but the Taxation Division has no information as to the number of persons in such category.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mrs. Jodoin for an Address in reply thereto.

(*Translation:*)

Hon. Joseph Bradette: Honourable senators, in keeping with a fine tradition in the other place as well as in this august assembly, my first utterances will be words of congratulations.

At the outset, I wish to congratulate you, Mr. Speaker, on your appointment to the high office you now fill with so much distinction and competence. It is a post which you richly deserved and I know that your great qualities will bring you as much success in presiding over our proceedings as you had when leading the house on behalf of the government.

I wish to congratulate also the Leader of the Government, whom I have known so well since 1935 in the House of Commons. When I first met him he was a private member, but later on he was appointed Speaker of that house. We know beforehand that at all times he will be equal to the task and that he will fulfil his new obligations here, with as much ability as when he was Speaker of the Commons. I know that we shall benefit from his great talents, his competence and his sense of justice. Every member of the other house acknowledges that the Leader of the Government in this house has always been equal to his important responsibilities. He always proved himself to be a man of integrity, tolerance and fairness. I think he will go down in the history of this country as one of the greatest Speakers the House of Commons has ever known.

I want also to congratulate the honourable senator from Sorel (Hon. Mrs. Jodoin) upon the masterly speech she delivered when moving the Address in reply to the Speech from the Throne. She showed by her eloquent and stirring speech that she has long been concerned with social, patriotic and political questions in every field, and that she has dedicated herself to help in solving parochial, municipal, provincial or national issues. We are all convinced that the Senate has made a very valuable acquisition in the person of the honourable senator from Sorel.

I also wish to congratulate the honourable senator from Fredericton (Hon. Mrs. Fergusson) upon her splendid speech and her revealing words about the wealth and beauty of her province. I think this is the best place to make one's views better known not only to those present here but to the whole country, and to show to all Canadians that we are proud to have the great honour and pleasure of representing our province here.

Since the beginning of the present session, the honourable senator from Prince Edward Island (Hon. Mr. McIntyre) has also lauded the beauties of his province. We have nothing to fear and it is our duty to carry on in this way. Those are things we all ought to know, honourable senators, for our country is so large and its attractions are so numerous and interesting that however long we lived we could not know them perfectly. It is a particularly good way to show in all its greatness the wealth of our provinces.

I would particularly like to assure the honourable senator from Fredericton that by her distinction and great oratory she has shown that she, too, is a great asset to the Senate. Her speech revealed her deep legal knowledge.

May I, honourable senators, recall the memory of my predecessor in this place, the distinguished and lamented Dr. Lacasse, from Tecumseh. You have seen him stand up here, you have heard his rousing, patriotic and above all his very Canadian speeches, for if it is true that he was a great defender of our rights in this country. He defended on all occasions the rights, the freedom and the faith of our fellow-citizens regardless of creed, race or other considerations. His untimely death has been a loss felt not only by Ontario but by the whole country. As you know, he would rise each time a right was threatened; and every time he thought that we had some grievances he would insist that they be looked into with due respect until justice was done.

In the Windsor area, he was esteemed and admired by everyone; all his fellow-citizens in that section of the country attended his imposing funeral. I know he will now rest in peace. He was a great patriot and a great Canadian, in the full meaning of the word, and thanks to his deeds and to his speeches, our natural, constitutional and cultural aspirations are now better understood.

(*Text:*)

Honourable senators, I just want to say a few words about my appointment to the Senate. I have already personally thanked the leader of my party, the Prime Minister, for my nomination, and now I want to express my thanks publicly. I greatly appreciate the nomination because I had decided that I did not want to be a candidate in another election. I knew that decision would cause a terrific vacuum in my life, for of course one cannot spend eight years in municipal politics and twenty-seven years as a member of parliament without feeling the urgency of remaining in public life. The only way I can try to reward the leader of my party is to serve to the utmost of my ability as a member of the upper house. The years that I spent in the other place were happy ones for me, for I had friends among all parties there: I never heard a word of recrimination against myself, and I made lasting friendships. Honourable senators, it was a great privilege for twenty-three years, before the redistribution of my constituency, to represent a majority of which the largest number were English-speaking and Protestant. I will always greatly cherish in my memory the fact that in no instance, on no occasion, did I ever hear a single word spoken against my faith and my race. This is true Canadianism. I received magnificent support from every section of our population. It is a wonderful accomplishment in itself to be able to serve the people, and it carries its own reward. Pecuniarily speaking, and using an ordinary everyday term, to be a member of parliament or to be a senator is absolutely a washout; but one receives full compensation in serving one's people, in being of some assistance to them. That is what counts.

I repeat that the twenty-seven years I was a member in the other place were happy and full years. During that period of time we passed through two very severe and deep crises. The first of these was the depression, and God forbid that there will ever be another, although we should not be afraid to meet a regression, to talk about it thoroughly, for we do not want to be blind again as we

were in the thirties. We must be prepared for any emergency, and to foresee and face eventualities, hoping all the while that those conditions will never again occur in this country or in the United States, or indeed anywhere in the world.

During those days I used to receive as many as two hundred visitors a day, and sometimes at the end of the day I was all in. My dear mother used to say to me, "Joe, how can you stand it?" And I said, "Mother, the only way I can stand it is by knowing that I do a great service in telling people that we will have better days again, telling them of ways and means whereby it it possible to bear the burdens of fathers and mothers and everybody else."

The second crisis was World War II. After World War I we thought that civilization would never again permit the sacrifices and horrible holocausts that occurred during that long struggle. However, in less than a quarter of a century the hordes of barbarism again tried to destroy Christendom and civilization. But again the call was answered. Although we Canadians were thousands of miles away from the centre of conflict, we knew we were in jeopardy because the isms that were rampant could easily fly over the ocean, and so there was no immunity from their attacks, mental, spiritual, or physical.

Canada did her duty. It was not an easy matter to be a member of parliament at that time. Honourable senators, many times have mothers of two or three or more sons who had enlisted told me they wanted to keep one of them at home. And mothers of only one would say: "Mr. Bradette, can you not save my boy from having to go? He is the only one that we have and he may be taken away from us." Nevertheless they said they wanted to do all they could. Circumstances like that made you realize that it was no sinecure to be in public life. And I know that you, honourable senators, had similar experiences. I am aware of that because many of you were colleagues of mine in the other place. And may I remark at this point that I feel perfectly at home here. However, Mr. Speaker, if I should transgress against any rule of the Senate I hope you will show me indulgence, for of course there is always a degree of uncertainty when a person finds himself in a new position.

Before I proceed further I want to say a few words about the Leader of the Opposition in the Senate (Hon. Mr. Haig). He is a prince of a man with a regal bearing, and is highly esteemed by all. I am in close contact with the West and many of our people know the honourable gentleman, for whom they have only words of praise. The wish of us all is that he will fully recover his health soon so that we shall not long be deprived of his presence among us in this forum.

Hon. Senators: Hear, hear.

Hon. Mr. Bradette: I also want to pay my tribute to the acting Leader of the Opposition (Hon. Mr. Aseltine). I enjoyed his speech the other day, as I am sure we all did. Most members of the other house make it a point to read the speeches that are delivered in this forum, and they generally are good speeches indeed. I want to compliment the acting Leader of the Opposition upon his practical and laudable speech. A little tinge of partisanship found its way in here and there, but that is all to the good. Constructive criticism is what makes life interesting.

There is one matter in particular that I want to compliment the acting Leader of the Opposition on. In the West there is a wheat problem at the present time, and the honourable gentleman dealt with it in a Canadian way. There was no blue-ruin talk about it. There was no despair in his voice nor in his words, for he knows that the obstacles which we have to face will be surmounted in such a way that nobody will suffer too grievously.

As I am somewhat of an agriculturist myself I would like to say that from 1915 to 1925 in my own section of northern Ontario we had the greatest agricultural development in the whole of Canada. In our part of the country we have had such calamities as devastating forest fires, widespread epidemics and extensive destruction by premature frosts, but we never despaired. We would never say anything that would harm that section of Canada.

But when the West suffers, the East is bound to suffer along with it. We in central Canada do not belong to a strictly geographical section as do the people of the East or the West. We know the mayors of such cities as Winnipeg and Vancouver as well as we know the mayors of cities in eastern and central Canada. So we are most impartial in our viewpoints and not sectional.

The situation in the West today is much less serious than it was in 1950, when the crop was smaller than it is this year; in fact, in 1950 they had practically no crop. Why should we despair because the West has a surplus of wheat? That is a good thing for Canada and for the world at large. However, the government may have to assist western farmers in some way in the marketing and storing of their surplus grain. But whatever happens, the farmers do not want the pity and distorted statements which they are getting from some groups in the other place. The farmer is an individualist and a practical

person, and he will make his own way if he can. Honourable senators will remember that in 1950 the government guaranteed bank loans to farmers to the extent of several million dollars—I have forgotten the exact amount—but all that the farmers took up under the plan was no more than about $600,000.

I do not suggest, honourable senators, that there is nothing to be done today to help the farmer over the hump in marketing or storing his products, and I am certain that the government will do the practical thing.

Before I leave the subject of the farmer I should like to compliment the honourable acting Leader of the Opposition (Hon. Mr. Aseltine) upon his good spirit and constructive attitude towards the problems of his province. It has been my privilege over the past six or seven years to visit nearly every part of the world; and my travels have demonstrated to me that no matter how large and powerful a country may be it has its own problems to meet. Surely it is within the will and the ability of the people of Canada to surmount the problems faced by the western farmer today, and also any other situations that confront us.

I should like now to turn to a subject which might not be regarded as political, but which I believe can best be drawn to the attention of the people of Canada by discussing it in this chamber. I shall say what I have to say in a kindly way and without bitterness of any kind, as I highly respect the person involved.

I wish to refer to an article which appeared in the November 15 issue of *Maclean's* magazine, in the column entitled "London Letter". The author of that column is Beverley Baxter, a prominent and important member of the British House of Commons, and a very good and interesting writer. I believe he really wants to be fair in what he says, but the article which I have before me contains two or three statements about the province of Quebec which I feel compelled to rectify. I am quite sure that had Beverley Baxter gone to the proper source for his material he would not have written what he did.

The portion of the article having to do with the province of Quebec, and to which I would draw the attention of the house, is as follows:

> Whatever headaches it presents to the rest of Canada there is an undeniable fascination to Quebec.

I agree with the "fascination," but I do not agree with the "headaches" that the author says the province of Quebec "presents to the rest of Canada". I believe that sources of friction could come as well from the prairie provinces, the Maritimes or British Columbia as from Quebec. When a man of the stamp and ability of Mr. Baxter says that the province of Quebec has caused the rest of Canada headaches, he is not, in my opinion, being fair to himself, and certainly not to that province. After all, we are one big union—yes, one big family—and Mr. Baxter should remember this, for he belongs to one of the finest sections of it. The great glory of the British Empire is that, no matter how it was created—though at times force, even brutal force, was used—the British have always tried to comprehend the mentality of minorities, no matter where they were; and this fact applies forcibly to French Canada. The situation of a minority group is not a very pleasant one, even under the best of conditions. Here in Canada, however, Canadians of French descent are proud of our country, because ninety-nine and nine-tenths per cent of the English-speaking section are co-operative and friendly with us; and I know that the vast majority of English-speaking Canadians who visit the province of Quebec come away enamoured of her ways of life and of her fine people. I do not reside in that province at the present time, although I was born there; and I am proud to be a Canadian of French descent.

I quote further:

> A friend at the Quebec Garrison Club said—

I know something of the officers of the Garrison Club, and I am acquainted with the English-speaking population of the fine city of Quebec. I am therefore in a position to say with assurance that nowhere are the two racial groups more friendly to each other than in that city. Many of the English-speaking inhabitants know French, and the majority of French-speaking inhabitants also speak English. You have there the spectacle of a fine population whose constituents mix, work and enjoy themselves together in a spirit of understanding and co-operation.

Mr. Baxter says it was "a friend"—he mentions no name—who told him that—

> "The French supply the babies and the prime ministers, the rest of Canada pays the taxes."

That statement is not fair, even to Mr. Baxter. Then he continues:

> As a transient—

Mr. Baxter is not a transient; he belongs to the commonwealth. As a member of the Parliament of Great Britain who was born in Canada, it would have been very easy for him, when he was in the city of Quebec, to consult reliable sources of information. I do not say that in a mood of violent criticism; I say it because I admire Mr. Baxter's great talents as a parliamentarian and a writer. But I repeat, it would

have been easy for him to have gone to a reliable source of information.

He continues:

> . . . I cannot judge the accuracy of such a statement but it was expressed with feeling.

If Mr. Baxter cannot vouch for the accuracy of the statement, he must take the full responsibility for having put it on paper. I hope he will find it possible to repudiate the sentiments he has quoted. They are fair neither to the province of Quebec nor to Canada as a whole, because the province of Quebec is an integral part of the Canadian federation, the Canadian nation. The writer continues:

> Certainly the rule of democracy is bedeviled if a large section of the country persists in voting for one party in parliamentary elections.

I must state here that since Confederation Canada has had twelve prime ministers, but only two have been of French descent.

It is not fair for me to challenge his statement about the rule of democracy. The electors of Canada are the judges, and they have pronounced their verdict in several federal elections. In my province of Ontario there is, of course, a Conservative government. In putting the Conservatives in power there the people of Ontario used their prerogative and expressed their confidence in the Premier of Ontario. The same reasoning applies in the province of Quebec, where also the opposition is very weak. There again, it is a case of democracy functioning as such, for after all the Canadian people have the right to pronounce upon the political situation both nationally and provincially, and when they decide to vote, be it one way or the other, no outsider is entitled to criticize them or their line of conduct, and certainly not in a spirit of flippancy which is unbecoming to a person well versed in public affairs.

I shall now address myself to the Speech from the Throne. I am told that in this fine forum there is no forty-minute limitation rule. I do not intend to take advantage of that fact; I may not continue for forty minutes, but if I should exceed that period by a few minutes I trust I may have your indulgence, because I am interested in many subjects.

It was my good fortune for twelve years to act as Chairman of the External Affairs Committee of the House of Commons. I appreciate the compliment and confidence implied in that appointment. If I may digress for one moment, may I point out that shortly after my appointment I suggested to Mr. Mackenzie King that the committee should be removed to some extent from purely partisan politics. With this in view, I recruited from the opposition a fine parliamentarian in the person of the late Mr. Gordon Graydon. I want to pay to his memory the tribute of an acknowledgment that he did a magnificent job of co-operation, without neglecting that constructive criticism which at times is absolutely needed, for if it did not exist we would have to create it. He co-operated with me and the committee 100 per cent, and gained for himself a fine reputation at the meetings of the United Nations Assembly both in New York and in San Francisco. Our gratitude goes to the late Mr. Graydon and to his family for the fine work he accomplished, and I would add my deep regret at his premature departure.

On other subjects I shall speak as briefly as I possibly can. First, let me say a few words about the present labour situation.

Unfortunately, big strikes are now in progress in northern Quebec, in the Noranda mine, and also in the Porcupine. In my many years as a member of parliament I made it my business to act as far as practicable in the capacity of intermediary between management and labour. I implicitly believe in labour unionism. I also definitely believe in the fundamental right of the workers to strike at times, although, from a considerable knowledge of labour unionism and the leaders of industry, I am confident that within ten or at most twenty years the necessity for strikes will have been practically eliminated. Although on occasion strikes are absolutely necessary, there is a tremendous element of destruction involved in them. Read the history of labour in the twenties, and you will find that at that time it was almost dangerous for a man to pronounce himself in favour of unionism or to support the cause of labour against management. But these conditions are disappearing. I am sure that through the good judgment of the men who lead labour and those who compose management—by bargaining governmental machinery of conciliation, sitting together at round table conferences, and discussing their problems thoroughly and impartially—solutions will be found without recourse to the strike. Many times, in the Porcupine, when I was the member for that section of the country, and trouble was in the offing, I would go to management and to labour leaders and say: "You do not need to strike; let us get together. First I will get the viewpoint of the workers, discover everything you have in your minds; then I will interview management; and surely it will then be possible to avoid extreme measures, which will do no good." As a matter of fact the town of Kirkland Lake is still paying for the strike

which occurred in that vicinity years ago, and I do not believe that it will ever fully recover from the effects.

I hope the efforts to settle the strikes in the Porcupine will come to fruition in the very near future. As we all know, the gold-mining industry is at the present time a depressed industry. I have long thought that gold, which is a metal needed both internationally and nationally, should follow the trend of all metals and not be maintained at the price at which it was fixed prior to to and during the war. Before the war we had 140 gold mines operating, but only 60 are operating now. Despite this fact, there is still a steady demand for our gold because of the international monetary system and for multiple other reasons. I was delegated on two occasions to attend conferences at Washington on the gold question. I knew there was little use in going, for the authorities at Washington argued that an increased price of gold would result in inflation. This may be true to some extent, but I doubt it. The price of lead, copper and zinc has increased tremendously, in some cases by as much as 100 per cent and more, and this has resulted in some degree of inflation. However, I would point out that our whole economic structure has followed that trend for some years now.

I have no time to speak about this today, except to say that if this trend continues it may result in the ruination of democracy as we know it. The present price of gold is fixed at $35 an ounce, which was the price for years prior to the last war. Honourable senators, there is no placer gold mining in the northern parts of Ontario, Quebec and Manitoba. Our gold is being mined from solid rock, which is a very expensive process. Had it not been possible to extensively mechanize our gold mining, I doubt whether there would be more than ten Canadian gold mines in operation today. Our gold mines, to a considerable degree, have had to replace manual labour with machinery, but everybody is suffering from a standardized price.

A few days ago in the *Daily Press* of Timmins I saw a picture of young miners cutting fuel-wood for their families. There was nothing wrong with that, but it resulted in the farmers of the area being deprived of their seasonal employment. At the present time there is practically no demand for bushmen or axemen for bush operation in that district, because the miners are idle. Labour unions and management must get together, and I believe they will come to some agreement in this matter soon.

Just four weeks ago this Sunday there was strike talk among the workers in the paper and sulphate mills. There are three large pulp and paper mills in our constituency. One of them, which is located in Kapuskasing, is owned by the Kimberly-Clark Corporation of Canada, Limited, and supplies newsprint to the New York *Times*. The Abitibi Pulp and Paper Company operates two big mills, one at Smooth Rock Falls and the other at Iroquois Falls. The workers in all these mills are assured of permanent employment, and are receiving good salaries and enjoying first-class working conditions. They have fine living accommodation and receive hospital benefits, and so on. I was in Kapuskasing when the strike vote was being taken there, and as I once belonged to a trade union I know what a strike vote means. I do not say this in any spirit of criticism, but I remember that when I was working in the Quebec forests a labour leader advised us workers on one occasion that we were going to get from $10 to $15 more a month. Well, I was not going to vote against a strike which would mean an increase in pay. Things are different now, however, for there is so much involved affecting every section of our population that a great deal of consideration should be given before a strike vote is allowed to be taken. In most cases the result of the vote is a foregone conclusion. Many of these strikes are not instigated by Canadian labour leaders, but by people coming from another country. It would have been calamitous for our newsprint and sulphate industries if a strike had taken place, but management and labour were able to get together and settle their problem without a strike, although a strike vote had been taken. Both management and labour are to be praised for their action in this matter.

The following Monday I went to the railway station in Kapuskasing to send a wire to Hearst. While I was there I met a brother of mine who is a conductor on C.N.R. freight trains. He was with several other trainmen and they told me they had just received orders to move several box cars from the mill. They said these cars were to be moved to the railway yards because the paper company could not pay the freight charges if the mill became idle. Had this strike taken place the railway employees would have lost some work on the road, and woodcutting and lumbering operations would have been greatly curtailed, resulting in thousands of bush workers being without fruitful employment this winter.

When such things happen many people, including mothers and their families, suffer severe hardships. I believe that if the workers' wives were to take part in strike votes, the results would often be different from what they are now. At any rate, on this

occasion the workers did not strike and as a result everybody in my part of the country is happy.

Hon. Mr. Roebuck: Would the honourable senator permit me to ask a question?

Hon. Mr. Bradette: Certainly.

Hon. Mr. Roebuck: My friend suggested the strike movement amongst the pulp and paper mill workers was promoted by union leaders from outside the country. Does he know as a fact that foreign leaders were involved in that movement? I was a member of the Board of Conciliation in connection with that very matter, and I just call his attention to the fact that leadership was directed by vice-presidents of Canadian labour unions. To my knowledge, no foreign officer was present.

Hon. Mr. Bradette: I am very pleased to hear that, for I have been told that some of these men came from across the line. I must say that the labour leaders of the trainmen's organization and the newsprint and sulphate workers—some of them from the United States—have always given good, sound leadership. But it has been reported in the press that some of the United States leaders of the Steel and Mill Workers' Union have made harsh statements.

I have told these people many times that conditions in Canada are different from those in the United States. Our economy, our way of life, our industries and railways are different. The United States has a population of some 160 million people, whereas Canada's population has not yet reached 15 million. Canadian manufacturers have to meet heavy operating and maintenance costs. For instance, they must heat their plants from five to six months a year. I know what a friend of both labour and management the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has been. Both of us have endeavoured at all times to use our services in an effort to help labour and management reach settlements that are fair to both sides. We must be careful in these things. I think it should be possible for Canadian labour leaders and management to settle their problems without unions going on sympathetic strikes just because, for instance, the longshoremen of San Francisco go out on strike. That is not an affair of Canada's and should not involve the workers of this country. I have always praised the late Mackenzie King for having appointed the late Humphrey Mitchell as Minister of Labour during the war years. That fine, big hurly-burly Englishman was a splendid Minister of Labour.

Hon. Mr. Roebuck: He certainly was.

Hon. Mr. Bradette: He understood labour problems thoroughly, drawing his experience from British trade unionism in which he was groomed. British trade unions are loyal to Britain before anything else, and will not accept advice from trade unions of France, Germany or Scandinavian or other countries that will result in paralyzing or stultifying or grievously hurting the economy of Great Britain. This principle, I am glad to say, is becoming more and more pronounced in Canadian labour unions, and will prove to be valuable to labour and management in this country.

That is all I have to say on this subject, except to state once again that I hope and pray the strike in the Porcupine district will be ended well before Christmas so that the people of that area may smile again. I have seen their women cry. It is true that labour unions are better organized today than they were in the past, and they are able to help these people. Nobody is suffering from hunger, and a very small proportion are actually better off than they were before the strike. However, this whole situation is not a normal one. The farmers and bushmen are suffering hardships. The mines are not buying timber for their operations, and this is affecting hundreds of workers and their families. Many people are leaving the Porcupine district. I do hope that the good judgment of labour and management will bring about a quick settlement of the strike at South Porcupine, so that this important section of our country will once again be able to proceed on its natural course.

Hon. Mr. Roebuck: Do I understand that the honourable senator is not apportioning as between management and labour the responsibility for the conditions he describes? Is it his intention to blame labour?

Hon. Mr. Horner: Whom else would he blame?

Hon. Mr. Roebuck: He could blame management.

Hon. Mr. Bradette: I am not blaming, but there can be no denial that labour started the strike in the first place. There is no doubt that this strike is occasioning a lot of misery in that section of the country—as a strike always does, wherever it occurs—but some of the requests of labour should be accepted by management.

Some Hon. Senators: Hear, hear.

Hon. Mr. Bradette: The farmers are suffering as a result of the strike, and so are the bushmen.

Hon. Mr. Roebuck: Do you blame that on the union?

Hon. Mr. Bradette: No, I did not say the union alone was to blame, but that management and the union were to blame. I said the strike was started by the union, not by the management. I maintain that labour and management must become more and more co-operative in Canada. Our people expect that situation to be attained. Labour is of age today, it is powerful, well organized, and has funds at its disposal. It might be said that in the early part of this century—say from 1900 to 1920—labour was not able to take care of itself and had to fight for its survival. But that cannot be said today. Labour must of necessity accept its responsibilities, and it has been accepting them. Honourable senators must realize that the railway strike of some three years ago, for instance, was responsible for the loss by our two railway systems of considerable passenger and freight traffic to highway trucking.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Bradette: You cannot get away from that. At a trucking convention held two weeks ago here at Ottawa it was said that if the railway strike had lasted much longer the trucking business would have taken two-thirds of the freight traffic away from the railroads. I believe in the fundamental principle of striking, but it is a weapon which should be used only when absolutely necessary, and when all other means have been exhausted, otherwise it carries with it elements of destruction and disunion, suffering and disintegration, no matter where the responsibility lies.

Hon. Mr. Roebuck: I think you might attribute that to management as well as to labour.

Hon. Mr. Bradette: I have said that. I say this very sincerely, that if the mutual responsibility had been assumed the strike might have been prevented. In our section years ago industry was not as big as now, and compared with today there were practically no mining operations. Nowadays the ramifications of industry are such that when a strike occurs the whole country is involved and no one is immune from its effects. For instance, when the dairy strike was on in your city of Toronto, honourable senators, millions of quarts of milk were thrown in the gutters. Children and their mothers and other citizens were deprived of their normal consumption of milk. I am not blaming anybody, but am simply stating facts. Somebody is bound to suffer immediately from the effect of a strike: you cannot get away from that. I say that before any strike occurs management should do everything possible to meet the situation half way, because management is often at fault; it is not always the labour unions that are at fault, but labour also has some great responsibilities to shoulder.

Hon. Mr. Roebuck: I was on a conciliation board in connection with the railway strike to which the honourable senator has referred, and I should like him to assure me that by what he has said he was blaming neither the one side nor the other.

Hon. Mr. Bradette: That is right.

Hon. Mr. Roebuck: Because I know something about it.

Hon. Mr. Bradette: I left neither management nor labour out; I put them together. I know there are times when management has sinned grievously, too. I hope differences between management and labour are fast disappearing.

I think I have said all I want to say at the present time about strikes, except to repeat that the strike leaders as well as management, are realizing more and more their responsibility. To illustrate my point, I have in my hands some newspaper clippings from the Ottawa *Journal*. One column, in the issue of October 15 of this year, bears the following headline, "Mosher sees unions finding it tougher to get wage boosts." When management finds reasons for settling grievances, that is all to the good, too. The article to which I refer contains these words:

> A. R. Mosher, Montreal, President of the Canadian Congress of Labour, Wednesday predicted that Canadian unionists will find it harder to negotiate wage increases this year.

Mr. Mosher is a good Canadian; he has been engaged in the work of labour unionism since he was a young man, and he knows that uncontrollable inflation will occur if, for instance, railway men were to receive a general wage increase at the present time. He realizes that a wage increase would result in increased freight rates and passenger fares. As a man of judgment and wide experience, Mr. Mosher knew that if he expressed himself in favour of another wage increase this year it would be unwise. He deserves to be complimented by the whole nation upon his discretion and foresight. Mr. Mosher knows that we cannot afford to arouse the passions of our people, merely because labour is big and powerful. His high position carries too much responsibility for that and he accepts the heavy obligations which labour must assume in the interests of our national economy and the part that it must play in our national life.

The newspaper article continues:

> He said the C.C.L. intends to step up its organizing activities, particularly among the white-collared groups and the distributing trades; expand its educational program and increase its political action in favour of the C.C.F.

That must have been an afterthought. If I know anything, whenever management and labour can get along together, labour will endeavour to get along very nicely without the intervention of the federal and provincial governments. The moment we have the socialist state in this country—which God forbid—we end private enterprise and the ability to open up our north country, for example, by rugged individualism as in the past. The first thing a socialist government would do, were it in power, would be to shackle management and labour. You cannot get away from that. That was what the Labour government in Britain did when it was in office. But I must say this, that as a leader of labour Mr. Mosher is highly respected and alert, and he knows that a man who belongs to a union, pays his fees and is in good standing, is entitled to union rights, as a good Canadian is also entitled to vote for whom he likes.

Some Hon. Senators: Hear, hear.

Hon. Mr. Bradette: In my section of the country I have often had a man say to me, "Joe, I belong to a union but I am still an independent man, free in all my actions, including my right to vote as I see fit, and when I vote at the next election I will vote for the candidate of my own choice". If Mr. Mosher is going to try to throw the whole weight of his union behind one party, he will defeat his own end.

I was proud of the fact that at the last presidential election in the United States, when the labour leaders said they were putting all their weight behind the Democratic candidate for the presidency, and raised large funds for the support of that party, labour did not hesitate to vote as it liked. The unions did not follow the dictates of their leaders. After all, the working man, a member of a union, is just as free as anybody else. He is just as free as the Queen of England, as free as any other citizen of the world. It is not democratic for labour leaders to tell members of their trade unions how to vote, and many unions resent that kind of undue influence. It is not real freedom. As a former member of a trade union I, for one, would not like any leader of a trade union to tell me that I must vote Liberal or Conservative. If any union leader did that I would tell him immediately where to go, and that how I intended to vote was my own business.

It does not make sense that a member of the C.C.F. party should go to the farmers of the West or of the East and say, "You must vote Socialist", and then tell the labour unions that they must vote Socialist also. Such commands do not jibe. The farmers cannot accept the principle of the forty-hour week. I know that in the section of the country which I come from the forty-hour week for farmers is not benefiting them, and that unless they can get along without hiring help it is almost impossible to remain on the farm. The day is fast approaching when the forty-hour week will create a serious crisis in agriculture in Canada. I am afraid that you cannot get away from that.

I would like to refer to another union decision which was made this fall, in the month of September, whereby the railwaymen, 150 thousand of them, decided not to go on strike. Mr. Hall is an able man, and Mr. Mosher is an able man, as is Mr. Bengough; and all the Catholic Union leaders are able men; but, being human, they may err and be carried away. However, this time good judgment was used, because they knew that if an increase of wages was wrung from the railways it would only cost so much more to move food and coal and other necessities to different parts of the country and that the cost of railway passenger service also would increase.

Honourable senators, economically speaking we are living at the present time in a dangerous period. The cause of the danger can be stated in one word, and that word is 'inflation'. We are going to do all we possibly can to check inflation, for I am sincerely convinced that if the cost of living increases another 25 or 30 per cent it will mean the bankruptcy of our national economy and the bankruptcy of every one of us. Old-age pensions will have to be increased, other payments will have to be increased, and a vicious circle will be created, and eventually the source of revenue for our governments will be dried up.

I would like to point out that there are two ways to bring about a depression. I am going to use that word, and I am really not ashamed to do so, for if we fail to do anything to prevent a depression because of being ashamed to talk about it, then a depression may come about. On that matter we must be more realistic than we were in the thirties. There are two ways to bring about inflation quickly: one is by unfairly lowering wages; the other is by greatly increasing them. It is the duty of every Canadian, even if it involves certain personal sacrifices, to see that inflation is checked. Let us try, as strongly as we can, to do that. Let us not run away from it, because if we do not fight it the bitter result will be as horrible as conditions that follow in the train of inflation. Honourable senators, I reiterate that inflation must be checkmated.

I just want to say a few words on one or two other subjects. We all know that we are living in an age that offers a challenge to everyone of us in our everyday life. In my early days we knew nothing about government. We elected a mayor and municipal councillors, and that was practically the only thing we did in governmental matters, for we knew almost nothing about provincial or federal governments. But today conditions are different. Today most of us deal with government all the time, and the international situation is a constant challenge to us.

The world today is much smaller than it was thirty years ago but still we have in fact two different worlds. Nevertheless, the peoples of the world are living on what might almost be said to be two planets—the U.S.S.R. and their satellites occupying one, and countries not in their orbit occupying the other. That is not a happy situation, but it is not a situation than can be improved by our throwing mud at one another of us who are opposed to the Communist way of life. When I hear some of the criticism that is being directed at different countries I say to myself that Mr. Malenkov must be laughing up his sleeve and for many years Mr. Stalin must have done likewise, because we are playing a role—in many instances a role that communism planned us to play, so that we would be divided one way and the other. At the present time we see the sad spectacle of a very great, a very fine and friendly nation being abused. We call its people our first cousins. But now they seem to be one of the most isolated nations of the world, with practically no friends. That fine nation, the United States of America, protected by the Monroe Doctrine, by the freedom of the seas maintained by Great Britain, wanted to develop, without outside assistance, their own territory, their own resources, and their culture, and I might say that they succeeded in doing so. For many years they did not want to take part in the affairs of any other country.

Then conditions changed. The Kaiser decided that he was going to conquer the European continent. He set out to subjugate Great Britain and France, those fine countries that gave us our civilization. The United States at that time took the stand that they would not interfere. They said, "Let Europe run its own affairs, and try to get out of the horrible catastrophe that has fallen upon it in the best way it can." For two or three years the United States kept out of the war, hoping that it would be settled by the Europeans. But the United States found out that Germany was going to attack them also, and after the sinking of the *Lusitania* they decided to go in with the Allies. They went in because they had been hurt in their pride; they were compelled to go in. If you make a study of the Treaty of Versailles you will find that it was a marvellous document which President Wilson gave to the world. Had it been fully implemented it would have stopped war. But the treaty was not approved by the American Congress, which did not want to have anything to do with the League of Nations. They said, "We settled the war and we are not interested in anything else."

Then in 1939 another war came along, and again the United States did not want to participate. In effect they said, "What is happening now provides no reason for Americans to wish to enter the war". We Canadians also certainly did not wish war, any more than the Americans did. Then the United States said, through the late lamented Mr. Roosevelt, "We are going to help the Allies, but it will have to be done in an almost indirect way". This went on for some time; and then Pearl Harbor was attacked. That being an American outpost, the effect on the minds of the United States people was the same as it would have been if New York or San Francisco had been attacked. They suddenly found themselves in the war for the purpose of defending freedom on their own soil. Eventually, as everybody knows, the Allies were victorious. Every allied country made gigantic sacrifices, but as I said in the other place, Great Britain saved civilization. For nearly two years she fought alone in Europe against the hordes of barbarism. No matter what happens to Great Britain, if ever the day comes that she cannot pay all her obligations to Canada, or if she sometimes seems to be dealing strangely with us, let us remember that she has made enormous sacrifices in lives and material for which she cannot be reimbursed by money or in any other way.

Some Hon. Senators: Hear, hear.

Hon. Mr. Bradette: I turn now to the great country to the south of us, the United States of America, which did not seek the leadership of the democratic world but had it thrust upon them. The United States only wanted to be left alone to work out their own destiny. But almost every country in the world today is taking a nip or a bite at them for what they are doing. The position of the United States in world affairs today is somewhat like that of a very high peak in a range of mountains: it benefits from the early rays of the rising sun and the last tinge of twilight, but at the same time it is exposed to the severity of storms and atmospheric conditions. However, the United States seem willing to bear the burden of world leadership. They carry great responsibility upon their shoulders, yet they have been

more magnanimous in the treatment of defeated nations than has any other country in world history. They do not demand that the laws of the Medes and the Persians be met. No: they say, in effect, this is the twentieth century and the days of tyrannic empires are gone forever.

The United States have done all they could under the Marshall Plan to give aid to suffering countries but they have not been adequately thanked for what they have done, and it is not even appreciated. They have recently consummated a treaty of peace with the people of Japan, which we must all agree is a most magnificent document. By that treaty the Japanese, who set themselves out to destroy the United States, are now being rehabilitated at the hands of the victors under most generous terms.

Honourable senators, before concluding my remarks I should like merely to mention Spain; I shall not discuss it at length today, but I intend to speak about it during the present session. I am proud of the fact that there is now an agreement between that country and the United States. I put this proposition to you: the insurrection in Spain stopped Communism from overrunning Europe. I do not intend to enlarge on that statement, except to ask why some European nations will not today deal with Spain when they deal with Yugoslavia and would also trade with Russia if Malenkov were willing to bargain with them. Why should we resent the government that Spain has chosen for itself? What would have been the alternative result had Franco and his army been crushed? I leave that question to you to answer. There can be no doubt that communism would have overrun the peninsula, and eventually the whole of Europe.

Let us be practical and logical; yes, let us be sensible. There are people who severely criticize Franco because he is asking for the return of Gibraltar. Suppose for a moment that there was a kind of Gibraltar located off southern England, for instance, belonging to Spain or some other nation: the natural thing for Britain to do would be to protect herself in every way she could, and she would certainly ask for the return of that strategic land to her sovereignty.

I just want to leave with you, honourable senators, one or two thoughts on matters of world affairs. During the last two world wars we gave of the best we had, according to our resources, and our effort was a valiant and a sizable one. We were not seeking territorial or maritime aggrandizement of any kind: All we wanted was to see peace, freedom and democracy predominate in the world. And since the last war we have supported the Atlantic Pact and other international arrangements generously and to the best of our ability.

I believe Canada has a right to say as I can say to my old mother country this afternoon: "France, we realize you have suffered much, yet it should be possible for you to be friendly with your neighbours; particularly, you should be friendly with Spain." True, France has much cause to fear Germany, because three generations of French people have suffered at the hands of three successive German invasions. In the year 1870 Germany exacted great tribute in money and other assets from France. In the period 1914-19 France lost almost a whole generation; indeed, it cannot be denied that she made the greatest of all sacrifices in that conflict. In the Second world war she suffered a terrific loss of manpower and immeasurable destruction of property, and she is still smarting to some extent as a result of that awful experience. Perhaps France has cause for concern about her relations with the German people.

I am not a prophet, but I believe, and I state this very sincerely, that Germany has drunk deeply enough from the bitter cup of war, murder and destruction. That country has now placed at the head of West Germany Conrad Adenauer, one of the great statesmen of the present day. The people of West Germany do not believe in communism; they want a united country and so do the people of East Germany. In a united Germany the energies of the European nations will meet and maintain the integrity and national life of a great race of people, and there is no doubt that united Germany will play a great role of stability and strength.

A very fine thing happened in East Germany on the 16th or 17th of June last, two days that shook the world, when people not wearing the military uniform or the black cross or any other designation and being unarmed—being in fact mill and factory workers—faced tanks and guns to protest the yoke of communism which they had been made to carry. Some observers of that spectacle said that many fine German youths were crushed by Russian tanks, and that guns were used against the unarmed populace. Nevertheless, the German people demonstrated their spirit of freedom and their desire to be a self-respecting nation again.

Let me say that it is my belief that regardless of who may occupy East Germany, to the German patriots Prussia will always be an integral part of that country. It is

historically inescapable: and an irredential spirit will persist in their minds until the country is united.

I was in France only last year, and I know that the French people are not unfriendly towards the Germans. They know that in Chancellor Adenauer they have a real friend. The demonstrations in East Germany last June should give encouragement to other European countries who must now know what the proud nation of Germany thinks of communism. We hope that by the advancement of the work of the European Defence Committee and the strengthening of the Atlantic Pact, we shall one day be able to raise the Iron Curtain for the benefit of the German people. I hope that within the not too distant future they will regain their freedom and be able to live their own lives of peace and prosperity within the democratic family of the world. And what a deterrent it will be to the leaders in the Kremlin when they see the sons of France and Germany standing shoulder to shoulder with the other members of the European Defence Committee, upholding the great ideals of freedom and democracy.

Some Hon. Senators: Hear, hear.

Hon. R. B. Horner: Honourable senators, I wish to congratulate His Honour the Speaker (Hon. Mr. Robertson) upon his advancement to the important post he now occupies. I am sure he need not worry about having any trouble with me in the future. I am sorry the leader of the government (Hon. Mr. Macdonald) is not present. I was very pleased at the manner in which he has carried on his duties thus far, although I must not be supposed to agree with everything he said.

I wish also to congratulate the hon. senator from Sorel (Hon. Mrs. Jodoin) and the honourable senator from Fredericton (Hon. Mrs. Fergusson) on their speeches in respectively moving and seconding the Address in reply to the Speech from the Throne.

It is getting late, and I propose, after having made a few remarks, to ask the privilege of moving the adjournment of the debate and continuing when we meet again.

I also wish to compliment the other speakers, including the honourable senator from Medicine Hat (Hon. Mr. Gershaw), from whom we always get something useful, and the honourable senator from that garden of the gulf, Prince Edward Island (Hon. Mr. McIntyre).

I shall have to read the full text of the address of the honourable senator from Cochrane, (Hon. Mr. Bradette), for I did not catch all he said, but a great part of his speech was, I thought, splendid, especially what he said regarding strikes and what they have cost this country. In this day and age, which has seen the development of atomic energy and other great discoveries, surely some better method of composing disputes can be found than strikes, which not only are wasteful but breed hatred and all kinds of difficulties. The unfortunate effects have been very evident in the districts which the honourable senator represents. Gold mines provide employment for their workers and markets for farmers. The owners of the gold have their properties stored in the ground, and if impossible conditions and demands are presented to them they can afford to leave it there, but when work ceases the effect is serious for the whole community—towns, villages and farms.

We have heard a good deal about the marketing of wheat, and I intend to say a little more about it. I shall be quite critical of the government, but that, I suppose will astonish nobody. Last year there was a strike at Vancouver: ships were held up for some six weeks, at a cost to their owners of millions of dollars; and the shipowners were not the only losers, for we shall never regain the market for some 30 million bushels of wheat. Had I been in the position of the responsible member of the federal government, I would have camped right on the spot. Let me at this point, while extending congratulations to our newly-summoned members, remind them that by virtue of their oath of office they are required to advise the government: they are called here for that purpose. I have not forgotten this function of ours, so if I extend any advice I am on sound legal ground in doing so. Where, I ask, was the Minister of Labour? He was attending political meetings throughout Saskatchewan. The strike was going on, ships were lying idle in the harbour, grain from all over western Canada had accumulated at the port, cars were tied up, and farmers were unable to ship their wheat. But the Minister of Labour of this government was attending political meetings. Had I been in his place, I would have kept on the spot.

My solution of difficulties of this kind is that strikes should not be allowed. Let labour present and press its case, let its representatives take all legal means of pressing their point of view; and when an agreement has been made, let it be retroactive to the date that the demands for increased pay were made. But to hold up the whole economy of a community, as has been done in the district of the honourable senator from Cochrane and elsewhere, is something which should never take place in any organized civilized society.

As for the compensation which labour receives today, surely no one will deny that it obtains the largest share of the national income. On the train to Ottawa I met four boys from the Caughnawaga reserve near Montreal. They had been engaged by the Kitimat plant in British Columbia, their fares paid, with first-class accommodation and standard meals: during their work there they had, according to them, all the food, of first-class quality, they could eat, and at any time of the day, and their wages were $4.80 an hour. They were returning in first-class coaches to the reserve near Montreal. Surely what labour is now receiving is sufficient. As the honourable senator remarked, the forty-hour, five-day week is common. Yet apparently there is a general idea that the farmer should be content to sell his butter at 15 cents a pound and, with his whole family, work for a bare subsistence; that when he comes to town he should not presume to stay at one of the great government-owned hotels, but go somewhere outside or camp under his wagon box; that he is not entitled to a return for his labour sufficient for him to live like other citizens of Canada. I tell you, honourable senators, that the day for such things is past. You will not find the western farmer accepting any such terms. He is going to meet you at the Chateau, at the Bessborough, at the Macdonald and similar hotels right across the country.

Hon. Mr. Euler: That shows he has the money.

Hon. Mr. Horner: If you try to deprive farmers of that status you will have plenty of trouble on your hands. As I told the Senate before, I have milked cows since I was four years old. I might have brought here a picture of my little layout in Western Canada: no other hands but my own put a picket in all that land to build a fence, or plowed one acre of it. And what I did is what the farmers themselves have done in a great part of Western Canada.

The Leader of the Government in this chamber (Hon. Mr. Macdonald), and a minister in the other place, have talked about how wealthy our western farmers are today as compared with 1937, some sixteen years ago. Well, is it not a fact that most other Canadians are better off now than they were then? Certainly our farmers are entitled to pay off their mortgages. I would advise my fellow farmers to sit tight and not borrow any money at all as a result of the present wheat surplus or for any other reason. There is no doubt that the Canadian government will offer our wheat farmers some assistance in the form of a loan, but this offer will not be made because of any demand by our farmers. It will come as a result of pressure brought on the government by stagnated automobile, implement and other industries. The honourable senator from Rosetown (Hon. Mr. Aseltine), who at present is acting as Leader of the Opposition, comes from prairie country whose farmers have been able to plow section after section of their land with heavy farm machinery. I represent a different part of Saskatchewan and am quite familiar with the 1,200 miles of bush and prairie land stretching across the northern half of the province. I should like honourable senators to see the piles of brush and roots that only this summer I cleaned out from a bush farm I first settled on. This is something that has to be done by all those who live across the northern fringe of the province.

Let me tell honourable members a little story about a time when our prairie country was completely dried out. I was buying some hay up in a small town which was settled chiefly by French Canadians from the province of Quebec. I was driving with another fellow on his sleigh, pulled by a team of horses. After a while we passed by a clearing of some sixteen acres in the bush and we saw a little log house and a neat looking barn. I said to my friend that the chap living in that place must be pretty well off, and he replied: "Oh, that fellow, he couldn't even stay in the bush country. He had to go down to Rosetown and buy a half section of land, and now the government is feeding him." That serves to emphasize what could be said about the current wheat surplus.

For some fifty years now I have been observing passing events in western Canada. It is probably true that the last three wheat crops are the largest we have ever had, but, just as sure as night follows day, all this wheat was grown on semi-arid land. Let us not forget that wheat farmers have to contend with many problems before harvesting their crops. I am not worrying about wheat, and I want to say to the farmers of Canada that it is better than gold.

Hon. Mr. Lambert: Hear, hear.

Hon. Mr. Horner: It has been said that if in the next year or two there is no crop failure in Canada there will certainly be one in some other part of the world. I was just reading about the hordes of grasshoppers in Australia. I remember years ago when the wheat yield in Canada was not so great, and thousands of grasshoppers were overrunning the west. They even polluted the rivers, and there were so many of them that they darkened the midday skies. It is true there are poisonous sprays with which to fight these pests, but I do not think it is really possible to get rid

of them. I just mention these facts to point out the hardships that are encountered in growing wheat. I am not concerned about our surplus wheat, for I know we shall eventually find a market for it.

The seconder of the Address in reply to the Speech from the Throne (Hon. Mrs. Fergusson) spoke about the early days at Saint John, and she referred to wooden ships and iron men. In paying tribute to the present government she referred to the social security measures the government has brought in or proposes. I should like to say to the honourable senator that, despite this social security program, I am afraid we now have steel ships and straw men.

Some Hon. Senators: Oh, oh.

Hon. Mr. Horner: Some people have criticized my province because of its socialism, but far more socialism is preached at Ottawa than in Saskatchewan.

Honourable senators, I am alarmed at the direction in which this Canada of ours is drifting. For instance, I do not think there ever was a time when juvenile delinquency was so prevelant in this country—and this is in spite of baby bonuses and other social measures. The amount of juvenile delinquency is nothing short of scandalous, and it is high time we tried to find out what is wrong with our educational system and some other things.

I want to make a few remarks about the subject of trade. Ever since the last election the government of Canada has been pleading with the American people not to impose high tariffs, but how have the Canadian people themselves acted? When it seemed possible, before the last elections in the United States, that the late Senator Taft might become President of that country, Canadians who should have known better were sniping at that courageous and honest politician. During the election campaign this year addresses were broadcast over C.B.C. stations warning the Canadian people that if the Republican party were elected to power Canada might be confronted with higher tariffs. I deplore that kind of attitude on the part of our citizens.

Some Hon. Senators: Hear, hear.

Hon. Mr. Horner: Now we go on bended knee to ask the Americans for trading concessions.

The Republican party is now in power in the United States; and in any case, it is not for Canadian public men to criticize the actions of that party. Recently, much "name-calling" in relation to the United States security investigation has been indulged in, and some of our newspapers and public men have gone so far as to speak of "McCarthyism". Lately we have had the spectacle of students at the University of Toronto, Canada's leading institution of learning, going so far as to burn in effigy this senator, a representative of a neighbouring state. I think it is nothing short of scandalous. Our people do not understand the work which that man is conscientiously doing. All this has gone on without rebuke from any minister of the Canadian government. Under the circumstances, one cannot complain if our neighbours are inclined to retaliate. These incidents, and the Igor Gouzenko affair, have received altogether too much publicity.

Some Hon. Senators: Hear, hear.

Hon. Mr. Horner: Let me say to the honourable senator who seconded the address in reply to the Speech from the Throne (Hon. Mrs. Fergusson) that, although I may be alone in Canada in holding this opinion, I conscientiously believe that to have retained something which we have now discarded would have had a good effect on our trade with the mother country and our relations with the Mother of Parliaments, as well as all those countries which have been accustomed to carry on their own affairs in a democratic manner or are trying to work out along democratic lines a solution of their difficulties. The honourable senator stated the women of Canada had been fortunate to secure from the Privy Council a decision under the British North America Act that women are "persons" and therefore eligible to sit in this chamber. In the light of benefits of this kind, and of world conditions today, I believe that it was neither proper nor wise to abandon our privilege of appeal to the Privy Council. It must be remembered that the Supreme Court of Canada ruled that a woman was not a "person", but our women availed themselves, and with success, of the right to appeal to the Privy Council. So I say to the honourable senator from Fredericton: "You are here because that privilege was secured through the action taken by—and all honour to them—a group of noble Canadian women". I wonder if the honourable lady would be here had that right of appeal been abolished a few years earlier.

I thought it very unfortunate that, at a time when so many colonies were drifting away from the commonwealth we should have appointed a Canadian Governor General. I feel keenly about it. Now that Britain can make a choice as to the countries she trades with—securing Argentine beef, and butter and grain in the markets that she considers most advantageous—I just ask honourable senators what difference it might have made if we had retained the custom of appointing

a representative of the Queen from the Mother Country. I think it would have made a great deal of difference. I know that I may be criticized for saying so. I mean no disrespect at all to the very fine gentleman who received the appointment, but I mention it as a matter of principle. I glory in the fact that Canada is still a free country.

I wish now to speak on the subject of dumping by foreign exporters in Canadian markets. We are going to hear more about this within the next six months. But what right has Canada to complain? I have here an editorial from the Toronto *Globe and Mail* of today. It says:

> Canada is in no position to complain of "dumping" by foreign exporters into our market while our own government is selling off its store of canned pork at fifteen cents a pound.

The complete editorial is quite long. It is a fact that Canada is dumping canned pork in west Germany, and anywhere else she can sell it. When the agreement to export this product was announced I said to some of our women in the west, "Let's try some of this pork", because I thought it might be ground snakes, or ground horsemeat. One would wonder what it was, when we had to sell it at 15 cents a pound.

Some Hon. Senators: Hear, hear.

Hon. Mr. Horner: Honourable senators, with your permission I will continue my remarks at the next sitting of the house.

On motion of Hon. Mr. Horner, the debate was adjourned.

DIVORCE PETITIONS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 7 to 22, both inclusive, dealing with petitions for divorce.

Hon. Mr. Roebuck, Chairman of the Committee, moved that the reports be concurred in.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill D, an Act for the relief of Catherine Miller Mary Harris Dawson Coutts.

Bill E, an Act for the relief of Elizabeth Ann Hunter Daykin.

Bill F, an Act for the relief of Martha Anne Sutherland Clarke.

Bill G, an Act for the relief of Phyllis Best Childs.

Bill H, an Act for the relief of Marilyn Clerk Merlin Clarke.

Bill I, an Act for the relief of Kenneth Urban Lunny.

Bill J, an Act for the relief of Florence Bella Davis Baines.

Bill K, an Act for the relief of Claude Arlington Root.

Bill L, an Act for the relief of Lizzy Weiss Nomberg.

Bill M, an Act for the relief of Mildred Elizabeth Sears Leighton.

Bill N, an Act for the relief of Margot Landwirth Steinbach.

Bill O, an Act for the relief of Pauline Noel Lapointe.

Bill P, an Act for the relief of Joseph Philippe Marc Andre Fortier.

Bill Q, an Act for the relief of Nancy Rachel Bonnar Barclay.

Bill R, an Act for the relief of Marusia Zozula Hempseed.

The bills were read the first time.

The Hon. the Speaker: When shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

The Senate adjourned until Tuesday, December 1, at 3 p.m.

THE SENATE

Tuesday, December 1, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports numbers 23 to 67, both inclusive, dealing with petitions for divorce.

The Hon. the Speaker: Honourable senators, when shall these reports be taken into consideration?

Hon. Mr. Roebuck: Tomorrow.

CIVIL SERVICE SUPERANNUATION FUND

INQUIRY AND ANSWER

Hon. Mr. Reid inquired of the government:

1. What has been the total amounts of money collected or paid into the Civil Service Superannuation Fund each year since 1940 and up to the end of 1952?

2. What has been the total amounts of money paid out by way of superannuation each year during those same years?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

Fiscal Year ended March 31	Employee Contributions (current and arrears)	Disbursements* (annual allowances)
1941	2,710,451	4,740,069
1942	2,700,766	5,031,627
1943	2,683,239	5,328,065
1944	2,879,288	5,543,291
1945	3,503,568	5,830,404
1946	4,689,958	6,648,201
1947	4,601,741	8,136,696
1948	5,543,166	9,389,454
1949	7,728,702	10,260,674
1950	11,072,518	11,334,497
1951	12,978,650	12,556,240
1952	13,927,400	13,910,232
1953	16,525,553	15,112,773

*Does not include gratuities and withdrawals of contributions.

LABOUR DISPUTE

QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. Joseph A. Bradette: Honourable senators, before the Orders of the Day are proceeded with, I want to make a brief statement on a question of privilege. I noticed in the Ottawa *Journal* of last Saturday an item headed:

Labour Leader resents speech of Senator.

In part, the article read as follows:

J. A. Daoust, vice-president of the International Brotherhood of Papermakers, said last night in a statement that "Senator Joseph Bradette should congratulate rather than criticize union leaders involved in the recent Ontario paper mill labour dispute."

Mr. Daoust said that "instead of offering criticism of labour leaders in the sanctuary of the Senate, Mr. Bradette should offer congratulations to the labour leaders in avoiding a serious strike in 21 pulp and paper mills in Ontario".

In reply to these statements, I beg to state that that is exactly what I did, as recorded in the Senate *Hansard* of November 26. I quote from page 61:

It would have been calamitous for our newsprint and sulphate industries if a strike had taken place, but management and labour were able to get together and settle their problem without a strike . . . Both management and labour are to be praised for their action in this matter.

And on page 62, immediately after a brief statement by the honourable senator from Toronto-Trinity (Hon. Senator Roebuck), to the effect that the strike movement amongst the pulp and paper mill workers was not promoted by union leaders from outside the country, I said:

I am very pleased to hear that, for I have been told that some of these men came across the line. I must say that the labour leaders of the trainmen's organization and the newsprint and sulphate workers—some of them from the United States—have always given good, sound leadership.

In terminating, I can assure Mr. Daoust that the Senate is not a "sanctuary" for any of its members. It is an institution of our parliamentary system where all the senators are doing their utmost and to the best of their ability in dealing with legislation and problems pertaining to the administration of our country.

Some Hon. Senators: Hear, hear.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, November 26, consideration of his Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mrs. Jodoin for an Address in reply thereto.

Hon. R. B. Horner: Honourable senators, perhaps I owe some measure of gratitude to the honourable senator from Cochrane (Hon. Mr. Bradette) for his lengthy speech at last Thursday's sitting of this house, as it gave me what I thought to be a good excuse for not completing my remarks on that day. I wish to thank honourable senators for the privilege of resuming my remarks at this time.

I am pleased to see that the Leader of the Government (Hon. Mr. Macdonald) is present in this chamber today, for I have some further remarks in connection with the wheat problem which I am sure he will be pleased to hear.

The problem in my part of the country, represented by that great strip of territory in the northern part of the three Prairie provinces, lies in the fact that a great deal of the land was mixed bush and spots of prairie, and which has cost a very great sum of money to make tillable. At the present time, of course, we have modern methods for cutting bush, which is done by the use of huge machines. Formerly we did it by hand or with power supplied by horses. In eastern Canada the greater part of bush in bushland is above ground, but some of the conditions in regard to bushland in western Canada may be surprising to eastern farmers. When we undertake to clean land in the west we find that a larger amount of bush is below ground than above the ground. Willow roots, for instance, because of the passage of fires years ago, are still there. These roots will never rot, and the mounds caused by them are huge. One can plow poplar roots under with huge plows, but you must pick and burn willow roots before you can say the land is clear. In some of the dry years we would find wheat growing in depressions. Generally, the bush grew in these depressions and, of course, after years and years there were huge accumulations of leaves. As I said, in the dry years you would see wheat growing there and even far ahead of wheat growing in other places. For instance, out in the open prairies you would see little or nothing. I passed through years in which we could see wheat growing in these depressions and it was very fortunate that we did have it, because we needed it to feed it to our livestock. In order to harvest this wheat we had to have pieces of iron fastened on the back of the mower similar to the attachments that eastern farmers use for harvesting peas, and it was necessary to have a man walk beside the mower and attempt to put the wheat out in windrows. We went to all this work in order to harvest about three bushels of wheat to the acre—not any more than that. With that we would feed our chickens and livestock.

Certain parts of western Canada, it is true, have been receiving plenty of moisture this fall, but a great part of the West is very dry, in fact, drier than I have ever seen it. The bottom of some of the depressions that held water for three or four years in the past are now lined with huge cracks, with not a sign of water in them. It may be too early to become alarmed, but I can tell honourable senators that unless we secure moisture during this winter or next spring a great part of that country will go back into drought land.

Now I come to the question of marketing of our wheat. What is the hope of marketing the present crop? I ask. The farmers harvested that wheat and a few fortunate ones are able to deliver it, but they do not know what they are going to receive in payment. The government still is boasting that sales are being made, but if the honourable senator from Churchill (Hon. Mr. Crerar) were present he might tell us that the system of selling is based on an exchange in reverse. They are selling on the basis of future prices. Can the government give me any idea of what the price is likely to be? I imagine they are unable to do so, for as and when they buy wheat it will be at the going price.

Honourable senators will recall that last year I was critical of the government because of its failure to include Britain in its wheat marketing plan. I pointed out at that time that evidently we had contributed hundreds of millions of dollars to maintain the first wheat agreement under which Britain was supplied during the war; I believed that bargain was a good one, and I hoped that even at a maximum price of $2 and a minimum of $1.55 Britain would agree to be included in our current marketing plan. Now I find, for some reason which I don't know—it may be the fault of the United States, or the fault of our own trade minister, or—

Hon. Mr. Wood: Or Britain.

Hon. Mr. Horner: No; Britain was willing to give $2.

Hon. Mr. Wood: $2.05.

Hon. Mr. Horner: We asked $2.05.

Hon. Mr. Wood: That is correct; we asked $2.05.

Hon. Mr. Horner: I asked the government not to let the opportunity to include Britain pass, for we in western Canada—and I thought I was speaking for the majority of the western farmers—would like to see her brought in even at $2 a bushel. But, no; the Minister of Trade and Commerce announced in the other place that the wheat of the world was held in strong hands, and there would be no difficulty. What could the western farmer take that to mean but—and I hope this is what it means—that he will not suffer loss because of the government's failure to secure the British market at $2 a bushel.

The Honourable Leader of the Government (Hon. Mr. Macdonald), speaking of the present position of western farmers, repeated the argument we so often hear, that the farmer is well supplied with money. True, some farmers are comfortably well off, but, as I said in my remarks at the previous sitting, many more are seriously in need of assistance. I indicated, however, that I would make no demand on their behalf, but that a demand would come from the business people of western Canada who will experience difficulty in making collections, contracting for new business and generally carrying on.

The government seems to be more ready to listen to the appeals of business people than of farmers; yet, for the most part business people are in a much better position than farmers. It has been said that we farmers have reduced our mortgages over the past sixteen years. Surely all Canadians, with increased wages all down the line, are financially better off today than they were sixteen years ago. Why should not the farmer have been able at least to reduce his mortgage in that period of time?

I ask honourable senators to visit western Canada and see conditions for themselves: go down the highways and byways and observe the type of homes in which the farmers live, without any modern convenience and unpainted for many years. And judge for yourselves whether it is as the government says, that they have lots of money.

I am very much afraid—and in this prediction I hope I am wrong—that we are facing difficult times. If the farmer would take my advice he would sit tight, and I am sure he would come out all right. There seems to be developing in Canada an entirely wrong idea: that it is a purely industrial country. The politician of other years always boasted of agriculture as the basic industry of Canada; whereas the politician of today talks for the most part of our great industrial development. In order to be popular in any part of Canada he forgets about agriculture and talks about industry. For my part, honourable senators, I hold to the belief that Canada's one great hope is in her agricultural products. Wheat is still a basic industry; it produces more new wealth for this country than all our gold and all our oil. It is a product which the world needs, and its importance should never be forgotten. Why is there so much noise about the improved standing of the farmer with regard to price and income? Remember, first, that it was war which created the larger demand. Then came Marshall aid, by which Canada got about $1 billion of American money. To hear some people talk one would think that the Americans had never done anything for us; but we got that money from them. Then followed the cold war, which also has aided the prosperity of this country.

Hon. Mr. Euler: May I ask my friend a question? Is he quite certain that Canada received Marshall aid—something for nothing? I don't think Canada received any Marshall aid.

Hon. Mr. Horner: Canada received about $1 billion of Marshall aid money, which went to purchase goods in this country.

Hon. Mr. Euler: But we gave something for it. The nations of Europe had Marshall aid free.

Hon. Mr. Horner: I am saying that we got some of that money, over a billion dollars of it.

Hon. Mr. Euler: But we gave goods for it.

Hon. Mr. Roebuck: We had no aid money.

Hon. Mr. Horner: Indirectly, of course, that money was given to aid Europe. But we got it. I make that statement, and I am sure it cannot be successfully contradicted.

As regards the farmers' right to dispose of their wheat, the honourable senator from Rosetown (Hon. Mr. Aseltine) has already explained our position. The other day I was debarred from selling some wheat to an honourable senator who wanted to buy it. The board which controls these things is not a producers' board; it contains not one real, true representative of the producers.

Recently I heard some interesting news about a new method of storing grain devised by a young man from the Argentine who is now in this country. The inventor claims that by his means of storage, partially underground, all air being excluded, he has been able to keep wheat nine years without any deterioration. I understand that he wants to go into business in Canada, and if some men with capital would take up the process and apply it in western Canada they would perform a great service to the producers and to the country. There would be a prospect of ridding the wheat of rust and other causes of damage which, as matters are, cannot be avoided if grain is stored too long and elevators are without spare bins to which from time to time it can be moved. Destruction of wheat crops by insects has resulted in heavy losses to American wheat producers, but I understand that under this new method wheat would be free from such damage.

It is customary for honourable members to take advantage of the debate upon the Address in Reply to the Speech from the

Throne to speak on many and varied subjects. Consequently, I wish to make a few remarks about certain matters affecting my own province and Canada in general. One honourable senator has said that Canada's estimated wheat crop was raised this year to some 570 million bushels, but I understand the figure to be 614 million. At any rate, two-thirds of this wheat was grown in the province which I have the great honour to represent. There are 16 million acres of cultivated land in Saskatchewan.

Hon. Mr. Aseltine: Wheat land?

Hon. Mr. Horner: Yes. Many factors determine whether or not a wheat crop will fail, and there is no question that most western wheat producers find it a struggle to produce a profitable wheat yield. For instance, there has to be sufficient rain at the right time, for a few hot spells may ruin a crop. Last year many crops were completely ruined by hail. Then there is summer-fallow, which requires about three times the normal amount of labour. Many summer-fallows must be gone over as often as ten times, for it is important that weeds be kept out and that the ground retain its moisture. The farmer must cultivate his land and keep it black so that it will conserve its moisture for the next year's crop. As there is only one crop, and as it takes much labour to prepare the land, it is important that nothing should happen to ruin the crop.

Honourable senators, it cannot be too often repeated that the prices quoted for western Canadian wheat, basis Fort William, do not reflect the picture in so far as western Canada is concerned. A very small percentage of our No. 1 Fort William wheat is sold as such. It is generally agreed that it is sold as No. 2 wheat; and the No. 2 is sold as No. 3, and so on. This results in lower prices to the farmers. However, I am not actually complaining about this, for it makes Canadian grain highly desirable and gives the Wheat Board a good chance to sell it on the world markets. In other words, foreign purchasers get first-class wheat when they buy our so-called class-two wheat, and they still get a good milling wheat when they buy No. 4. Here are some comparative prices of wheat today:

Portal, North Dakota, Nov. 3, 1953, $2.10; North Portal, Sask., Nov. 17, 1953, $1.23; Minneapolis, Dec. future, Nov. 17, 1953, $2.32; Chicago Board of Trade, Nov. 17, 1953, $2.00⅜; No. 1 Northern to overseas countries, Class II, $1.90¼; No. 1 Northern to Wheat Agreement countries, $1.90¼; Canadian Eastern wheat, Montreal, Nov. 17, 1953, 1.86; To farmers at Ontario country points, $1.56.

This serves to illustrate that our western farmers are not receiving anything near the prices they should for their wheat.

Hon. Mr. Stambaugh: The honourable senator must remember that the price of $1.23 represents the initial payment.

Hon. Mr. Horner: I agree. I maintain that unless we know how wheat futures are selling we may overbid ourselves, and we may find this amount being deducted from a sale at a later date.

Hon. Mr. Stambaugh: You do not believe that, do you?

Hon. Mr. Horner: Well, it could happen. Churchill, Manitoba, is the nearest and best port to northern Saskatchewan. Its weather has been similar to that in Ottawa this fall, so even at this late date ships are able to sail into its ice-free harbour. We in Saskatchewan feel that the port at Churchill could be put to much greater use. First of all, an additional grain elevator with a capacity of 5 million bushels should be constructed there. When I visited Churchill last year the captain of a ship from the Dalgleish Line told me that if more wheat were available at Churchill his company would be ready to send ten ships in there instead of one. If a new grain elevator were built the railway would be able to store wheat there during the slack periods, and the whole scheme would prove of immense value.

I should like to make a few remarks about rising freight rates. Labour and freight costs are increasing, and Canadian farmers, as in the past, are going to be left unorganized and unprotected. I have described in this chamber before how the huge interprovincial trucking traffic necessitates the expenditure of enormous sums of money to maintain our highways. All this seems rather needless when we think of the steel roads and rights of way of our railway companies. There is no doubt that trucks cause an enormous number of accidents on our highways. We are always seeing pictures of transport trailers that have been in collision with passenger automobiles and other vehicles. They certainly do not help to make our highways safe. I have already appealed to the government to set up a committee to study this question, for I think somebody should be delegated authority to determine what traffic rightfully belongs to the trucking companies and what traffic rightfully belongs to the railways. If this were done it would, I am sure, keep freight rates from rising too greatly.

In my opinion the railroads are somewhat to blame. For many years I have shipped live stock by railroad. Let me tell you of an experience I had in shipping horses, only last fall. From where I live shipping of live stock to Saskatoon is difficult, as they cannot

go by a direct road: to go east to Saskatoon they must first travel seventy miles west to Battleford and then back to Saskatoon. The weather last fall was exceptionally warm and the horses had come in from some distance; so I put on the bill that the horses must be watered and fed in Saskatoon. The C.N.R. have their own yards in Nutana, but for some reason or other the horses were taken to the union yards. Usually, I do not go along, but on this occasion, as I had some business to do in Saskatoon, I thought I would go over Sunday morning and see how the horses arrived and if they had been watered and cared for. I discovered that one of the two cars conveying the horses had arrived, but it took most of the rest of the day to find out where the other car was. Finally, it was found that one horse had broken one of its legs in Battleford. A distance of fourteen miles could have been saved by putting the animals off at Denholm, and perhaps the shunting in the yards at Battleford could have been avoided. That was not done, and the animal had to be destroyed. The other car was supposed to be coming down in the afternoon coupled to a short freight train. I kept inquiring if the freight was in, and at last was told that it was. I saw this small freight run right by the stockyards and out on the prairie; and when I went out to see the horses they were exposed to the heat of the sun. I asked why they were not left in the yard, and was informed that the switching crew could not be called in until after six o'clock, and that the other car was going on because the two cars could not go together. I said, "That does not matter, I want those horses out of the sun; they are fighting out there". Well, I was told that nothing could be done until after six o'clock. When the switching crew did come a man was supposed to water and feed the horses; but they were not watered, and if I had not been there the animals would have died for want of a drink. So I went to make a complaint, and a fellow to whom I complained said, "You should truck them; there is a man who has started to truck live stock and who will take a whole carload". He went on to say that the animals would be unloaded immediately upon arrival and that there would be no delay such as that occasioned by the railroads in crew switching.

Honourable senators, you know the position that the railroads are in, and I submit it is partly their own fault. The president and management of the C.N.R. journeyed away up to Lynn lake to drive a silver spike; they tried to imitate what Donald A. Smith did at the ceremony marking the completion of the transcontinental railroad and they must have taken along a whole carload of officials. What nonsense! If instead they had devoted that time to the live stock shipping problem, they would have done something sensible and practical.

The Speech from the Throne contained a reference to surplus wheat, but made no suggestion as to how to dispose of it. It is said, too, that Canada has a surplus of meat. Well, I have a plan for its disposal. First of all, I would instruct someone to confiscate all slicing machines that shave bacon to thin wafers. I defy anyone to cook such thin slices properly. There would not have been any iron men in the old days referred to by the seconder of the Address (Hon. Mrs. Fergusson) if bacon had been sold in such thin slices then. And if the slices were thicker today, and larger portions of meat in general were served at meals, we would soon get rid of our surplus meat. For some reason our own Canadian National Railway does not serve good beef: it offers all sorts of trash, but rarely serves good roast beef. I did get a slice once for $3; it was good beef, but for the portion served to me the farmer would at the present time receive about 15 cents. And since coming to eastern Canada I have had one really good order of "roast beef": at least, that is what I ordered. The waiter brought me plenty of it on the plate, and I assure you it was very good—but it was horsemeat.

Some Hon. Senators: Oh, oh.

Hon. Mr. Horner: The honourable senator from Medicine Hat (Hon. Mr. Gershaw) spoke of the marvelous medical discoveries of modern times, and how the span of life has been extended, and so on. I wonder if he took into account the large number of young people being killed on our highways.

A subject of much interest to me is the polio which has been very bad in the three prairie provinces. I have in my hand a newspaper clipping, headed "Polio Plague in Manitoba World's Worst". Despite the wonderful discoveries of medicine, epidemics of this kind still occur in this day and age. I am not a medical man, but I am inclined to believe that the best protection against epidemics, especially for our children, consists in regular hours, plenty of sleep and plenty of good food. Some medical men may argue that hearty eaters are in danger of shortening their lives; but, honourable senators, I could introduce you to a "young man" of eighty-six, who can do a hard day's work now just as he has always done. I recall that back in the days when hotels served

really large helpings of food he would dispose of one good helping and then call the waiter and say, "Very nice; just bring me another plate of the same thing".

An Hon. Senator: The sample was good!

Hon. Mr. Horner: Yes, the sample was good: so good that he said, "Just bring me another". This man worked for me for a while—and what a man he was! In those days he would kill a good-sized pig himself —a job which today would take two or three men. One evening after supper we were getting ready to kill a pig weighing probably 225 pounds, and this he said to me, "If you have anything else to do, go ahead, I will kill the pig myself". That shows the kind of man he was; and at eighty-six he is still going strong, doing his own work. So I think I am on pretty sound ground when I say that plenty of good food is needed as a protection against an epidemic.

Honourable senators, I have spoken of the loss of our young people on the highways. Something will have to be done about it. I would like to draw your attention to an editorial which appeared in the Montreal *Gazette* a short while ago. It points out that last year the death rate per hundred million vehicle miles travelled in states with no fixed speed limit was 8·1; in those with a speed limit of sixty miles an hour it was 7·7. The figures for eight states with a fifty-five mile per hour limit were lower again. The death rate in thirteen eastern states, which have a fifty mile per hour limit or less was only 4·9. The article goes on to say that if the national rate had been 4·9 instead of 7·3, twelve thousand lives might have been saved. I would urge that we bestir ourselves on this question of allowable speeds for vehicles on our highways.

Let me say again that some action will have to be taken to deal with the problem of interprovincial trucking. Railroad freight rates have risen to such a point that for some lines of business they are almost prohibitive. If the railways were allowed to handle all their legitimate business I do not think such increased rates would be necessary; and the railways could get this business if the truckers were put to some other useful occupation.

Now may I speak for a few minutes on the question of immigration. I would like to live to see the day when thirty million people inhabit this country. The markets of the world may be drying up, but I say that our greatest market of all is the one we have right at home here in Canada. I noticed just recently that someone was complaining that a number of German settlers did not complete their agreed-upon year of service on farms, but instead went to work in industry. Of course, current wages and the five-day week are very attractive to them and have had the effect of enticing a lot of people away from farm work. But the farms need them, badly. We could place thousands on the farms in the province of Saskatchewan, for work not only on the fields but also in the households. It is impossible to secure help. Personally, I think that the blame for this is entirely attributable to the type of representatives we have in overseas countries. What I would like to know is: are they representatives of Canadian industry or of agriculture? I would be willing to wager that if I were an immigration agent I could find people whose love of the land would never allow them to be enticed away from it.

In the province of Saskatchewan the farms and the homes have been built up by the generation that are getting old now. The honourable senator from Rosetown (Hon. W. M. Aseltine) mentioned that anyone undertaking to set himself up in farming in western Canada must have $20,000 to pay for equipment alone if he is to operate a sizeable farm economically. I would say that land and equipment for a farm are a $50,000 proposition, not a cent less. I will admit that it is difficult just now to get young men to work on the farm or to take up farming; yet the fact is that any young man who loves the land and can give a good account of himself, no matter where he comes from, would certainly have no difficulty in getting very generous terms from farmers who have now arrived at the retiring age. Many of these farmers have no sons, or only sons who have gone into industry or the professions and left the farm. In any such case the father is anxious to sell his property, and a young man desirous of setting himself up as a farmer would only need to demonstrate his ability. I often think that this figure of $50,000 as the cost of a farm and machinery—

Hon. Mr. Macdonald: That would be for quite a large acreage?

Hon. Mr. Horner: No. I know of some quarter-sections that are selling as high as $15,000. One three-quarters section that I know of was sold for $80,000, and that was in an area which I formerly thought was bushland, located up in the White Fox country. In Melfort and in that drainage area there are some sections, without buildings, that sold for $15,000. In my own district some three-quarter sections have sold for $30,000, and you cannot buy modern machinery to farm three-quarters of a section for less

than $20,000 today. And after you have bought the land you have to erect buildings. Running a modern farm is a very complex business. The Right Honourable Arthur Meighen, when a member of the Senate, had this to say about operating a farm: that in the old days when grain was cut with a scythe, every man could go out with his cradle and earn sufficient for his daily needs, but that is quite a different proposition today. Today one has to incur heavy debts and pay interest on them, as well as high operating costs. Of course, some men are better managers than others and will undoubtedly outrun them—but the larger the income, the larger will be the income tax.

Honourable senators, we cannot continue to waste land as we are doing today. You need only go a short distance from Ottawa to see that we have not a sufficient number of people on the land. This condition exists in all the provinces in Canada, but perhaps on a larger scale in western Canada than in any other part. In spite of that we are only receiving a dribble of immigration into this country. I do not think that we will be able to force people to live on two or three acres of land, on which it is impossible to make a living, while at the same time we sit on this immense territory that God has left to us, and permit so much of it to remain vacant. There is no reason why ten years from now we could not have and support right royally thirty million people in this Dominion of Canada.

Honourable senators, I thank you for your attention.

Hon. John J. Connolly: Honourable senators, my first words in this chamber must be of respect for the office of the Speaker, and of congratulation to the honourable gentleman who occupies that office (Hon. Mr. Robertson). The Speakership of the Senate is patterned more upon the Speakership of the Commons than upon the Office of the Lord Chancellor. Our Speaker has neither the political nor the administrative duties of the Lord Chancellor. Like the Lord Chancellor he presides over the deliberations of the house, but problems arising out of questions of order are settled as they are in the Lords by taking the sense of the house itself.

I think it right to say, however, that the Speaker of the Senate is the embodiment of the dignities and usages of this honourable chamber, and he is one of the principal guardians of our Canadian parliamentary institutions. These are not merely archaic forms. They are full of symbolism of a lively parliamentary history. They are a guarantee of our basic freedoms and are to be cherished for all our people.

The dignity with which you conduct our proceedings, Sir, and the reverence with which you obviously treat the usages and customs of this house, are to a newcomer—and I would venture to think to all honourable senators—most reassuring. We can feel that in your hands they are safe. I know it to be a source of gratification to your fellow Nova Scotians that another of the sons of that province is making a further contribution to our Canadian parliamentary history.

Hon. Senators: Hear, hear.

Hon. Mr. Connolly: I would associate myself also with the congratulations which have been tendered to the new Leader of the Government party in this house (Hon. Mr. Macdonald). His career at the Bar of the province of Ontario, where he is one of Her Majesty's Counsel, his distinguished record in the armed forces of this country, his long service to Canada as a private member of parliament, and the judicial qualities with which he presided over the deliberations in the other place during the late parliament, all are an earnest of the judiciousness which will undoubtedly characterize his work here. I hope it would not be put down to sectional partisanship were I to say that there is some considerable satisfaction experienced by the members of this house from the province of Ontario in that the onerous tasks of the leader of this chamber have been entrusted to one of our number.

I would like to join other honourable senators in the hope that the Leader of the Opposition (Hon. Mr. Haig) will have a speedy recovery and will soon be able to resume his duties here. It is a matter of common knowledge, both in parliament and in the country, how valuable are his contributions to the deliberations of this house. His knowledge of public affairs, his deep learning in the law and the felicity with which he is accustomed to express himself, have been an ornament to the Senate.

Hon. Senators: Hear, hear.

Hon. Mr. Connolly: To the two ladies who have moved and seconded the motion on the Address (Hon. Mrs. Jodoin and Hon. Mrs. Fergusson), because the vocabulary of compliment has already been exhausted, I would say simply that the bouquets they have had cannot match the high order and the charm of their performance. It is probably unique in parliamentary history, and most appropriate, that the thanks of the Upper Chamber in this commonwealth country for the first Address of Her Majesty's representative since

Her Majesty's Coronation, should be tendered to His Excellency by two lady senators.

Hon. Senators: Hear, hear.

Hon. Mr. Connolly: May I acknowledge the great honour involved in the appointment of myself to this honourable house as a colleague of so many distinguished Canadians. At the same time I would like to mention the responsibility I feel to be inherent in such an appointment. The meaning of the burden of that responsibility grows with the days, and I think it can only be relieved out of the kindness and forbearance of the many experienced parliamentarians who are here. If I may say so, I place particular value upon my appointment in that I have had it at the hands of the present Prime Minister, the Right Honourable Louis St. Laurent. Nothing that I could say would add to the prestige he brings to his office, to his personal popularity in the country, or to the distinction with which he directs the domestic and foreign business of this progressive young nation so favoured by Providence.

I hope it might be thought appropriate that on the first occasion on which I address this chamber, I should say something of those who preceded me in the particular tradition to which I belong. The late Senator J. J. Bench was perhaps my immediate predecessor. We were contemporaries, and I consider myself fortunate to have counted him as one of my very good friends. He was a lawyer and occupied a position of eminence at the Bar of Ontario, where he was one of Her Majesty's Counsel. His career in the Senate, although relatively short, was memorable. His speech on the functions and purposes of this honourable chamber constitutes a permanent and valuable contribution to its history. He was a zealous warden of the rights, the usages and dignities of the Senate and he was an eloquent advocate of its responsibilities. Time and time again he expressed his views on these subjects here, and, I think, with the approval of all honourable members. He constantly sought new avenues of usefulness for the Senate, and his own usefulness to this chamber was thereby increased. While his death came in the summer of his career and in the blossoming of his powers, his legacy to parliament and to the country was a better appreciation of the constitutional position of this chamber and of its purpose in functioning for the common weal.

The Senate has counted among its valued members many men from this city and from the valley of the Ottawa. Because of a personal association with him, I would refer in the first place to the Honourable Charles Murphy. He was a great son of Ottawa, his native city, and a successful barrister in his practice of the law here. He was a great conversationalist and a great correspondent. He was devoted to the cultural traditions of the Celtic people, particularly to that branch from which his ancestors sprung. Senator Murphy was a student of the history of political institutions, and a student also of the lives of public men in this country and others. He had a loyalty to his friends—witness his devotion to Sir Wilfrid—and he practised that loyalty with a fierceness that brooked no challenge. He was strongly critical of his foes if they departed from his rigid but high standards. His contributions to this chamber were notable, particularly his speech in the session of 1934 on the inquiry made that year into the work of the Senate.

In the other place Charles Murphy was a doughty warrior when he entered the lists on behalf of his party. Satire, invective, indignation—these were his heavy weapons, and he laid them on without mercy in cases where he felt they were appropriate; but when he came here in his sixty-fourth year the party fire within him had subsided. His speech in 1934 was suggested and encouraged by General McRae, who was then one of the chief organizers of the Conservative party.

Senator Murphy was a friend of the then government leader in this chamber, the Right Honourable Arthur Meighen. Their friendship had developed in earlier days in another place, and between them there was a mutual respect and affection based upon a common racial origin, a love of letters, and comradeship borne of many years of parliamentary service.

There were two events in the eventful career of Charles Murphy outside of Parliament which put Canadians in his debt forever. One was his organization and direction of the Liberal convention of 1919. That gathering chose Mr. King for the Liberal leadership. The other great project with which his name is associated was the placing in proper focus of the career of Thomas D'Arcy McGee. In this work he was not alone, and of those who played a major role, the name of Mrs. Isabel Skelton, McGee's biographer, will always be essential to an understanding of the project. Senator Murphy organized the McGee memorial dinner in 1925. That event was a source of inspiration to public men, to scholars, and to all who would understand the basic ideals upon which Confederation was established. In due time Senator Murphy published a collection of the McGee speeches, which also constitutes a valuable historical record.

I would hope that honourable members will not object if I say that I shall always feel honoured by and be grateful for the friendship which he showed to me and for the great

help he gave me when, as a young man, I embarked upon my professional career. And I shall always be indebted to him for the encouragement and inspiration he gave me in connection with public affairs.

Charles Murphy's immediate predecessor in this chamber was the Honourable M. J. O'Brien. Senator O'Brien was perhaps not a great parliamentarian, but that is in part due to the fact that he was not here very long. In this chamber, however, service and achievement in fields other than the parliamentary are recognized when they have great national significance. In this sense, while the Senate is not an elective chamber, it nevertheless is and has been a truly representative chamber.

Born in humble circumstances in Antigonish county, Nova Scotia, a province prolific in its contributions to Canadianism in many fields, with his ingenuity, his industry, his integrity and his courage, he played a large part in the development of our natural resources, especially of the forest and of the mine, and he played a considerable part in solving some of the overwhelming problems of communication which were inherent in the building of this country in its earlier days. In the legends of the valley of the Ottawa there are few careers more noteworthy than that of M. J. O'Brien. There is no career which brought the people of that area and indeed of many other areas more real wealth.

When Senator Sir Richard Scott died in 1913 he had devoted over sixty of his eighty-eight years to public life. For forty years he had been a member of this chamber, and for twenty-seven of those years he was the leader of the Liberal group here. For seventeen years, while a member of this house, he administered the portfolio of the Secretary of State with distinction to that office, with credit to the government of the day, and with honour to the Senate. In 1934 Sir Allan Aylesworth, then in his own right the dear old man of parliament and of public life, called Sir Richard "Dear old Mr. Scott"; and I think this testifies to the esteem and the affection in which he was held by his colleagues at the time he was here. For six years Sir Richard was a member for Ottawa in the first legislature of Ontario after 1867. For two of those years he was Minister of Crown Lands. He sat also for six years as the member for Ottawa in the House of Assembly of the United Provinces of Upper and Lower Canada before Confederation. He had been Mayor of Bytown prior to that experience.

In looking back on his career one is struck with the number of notable public projects with which his name is associated. He was the prime mover in securing the approval of the legislature of the United Provinces to the nomination of Ottawa as the capital of the new Dominion, though I can well understand why some honourable senators may not put that achievement down to his credit! It is an accomplishment, however, which Ottawans view with approval. Legislation for which Sir Richard was responsible removed a monopoly situation which might have prevented Marconi from establishing his Atlantic cable terminals in Nova Scotia. Roman Catholics in Ontario will ever cherish his achievements on behalf of separate schools. It may be long forgotten, but the experiences of Churchill and Carson at the Admiralty in the first world war, and their assertion of the principle of civilian, of governmental, of parliamentary control and supremacy in matters of policy touching the military, was anticipated by Sir Richard here, just before and just after the turn of the century. One of the measures which he advocated as a private member of the Senate, the making of the Supreme Court of Canada the court of final resort for appeals from lower Canadian courts, was prophetic of what has now come about.

I have spoken of four members of the Senate who were representatives of the people and of the tradition to which I must be presumed to belong. I might have used a longer list, but for my present purposes this, I think, suffices.

(Translation):

Honourable senators, may I here in my preoccupation with tradition pay a brief word of respect to the representatives in this chamber of that race who discovered this land, who wrested its first settlements from the wilderness, who brought Christianity to its shores, who peopled it and who remain to help preserve it and to prosper in it. There is a stability in our national life which has sprung from the adherence of the French people to their basic maxim *Je me souviens.* What I say on this point is not rhetoric. I am by choice and by original training a civilian—a member of the Bar of Quebec and a graduate of the Law School at the University of Montreal.

The memory of an individual is sometimes short, but the relations of two great peoples are enshrined in the pages of history. However, I would like to place upon the records of this chamber a tribute to the charity and compassion shown in 1848, on the banks of

the St. Lawrence, when the French-speaking Canadians of that day took to their hearts and their hearths so many of the Irish immigrants and so many of their orphaned children who came to these shores through Grosse Isle in overcrowded fever-laden ships.

I am fully aware of the debt my co-religionists owe to French-speaking Canadians also for their struggle for political, religious and educational rights. These fundamental liberties we now enjoy, and I know it to be a source of satisfaction to our fellow Canadians generally that we do. But we might not have had them when we did had it not been for the perseverance of Canadians of French origin.

(Text):

Honourable senators, the new nationality which D'Arcy McGee so eloquently predicted would form on the northern half of this continent has already begun to assert itself. From colonial forms it has emerged with mature measured steps. The genius of a people has already been displayed in Canada in constitutional, in social, in cultural and in economic progress. That progress is the accomplishment of the Canadian people—a free, vigorous, informed, cautious and generous people. But some of the credit must go to the wise guidance they have had from leaders in all walks of life; religious, educational, professional, labour, business and many others. We must acknowledge too the statesmanship which has inspired the leaders of all our political parties in their conduct of the public affairs of this country in the eighty-six years of its history. Those men performed in the forum of this parliament, many of them from the benches of this chamber. The policies which they applied may not all have originated in these legislative halls, but they have been moulded and refined here. It seems to me, therefore, to be a worthy ambition for a new member of the Parliament of Canada and of this honourable house to try to understand the motives and methods of such men and earnestly to endeavour to follow in their footsteps.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Quinn, the debate was adjourned.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill D, an Act for the relief of Catherine Miller Mary Harris Dawson Coutts.

Bill E, an Act for the relief of Elizabeth Ann Hunter Daykin.

Bill F, an Act for the relief of Martha Anne Sutherland Clarke.

Bill G, an Act for the relief of Phyllis Best Childs.

Bill H, an Act for the relief of Marilyn Clerk Merlin Clarke.

Bill I, an Act for the relief of Kenneth Urban Lunny.

Bill J, an Act for the relief of Florence Bella Davis Baines.

Bill K, an Act for the relief of Claude Arlington Root.

Bill L, an Act for the relief of Lizzy Weiss Nomberg.

Bill M, an Act for the relief of Mildred Elizabeth Sears Leighton.

Bill N, an Act for the relief of Margot Landwirth Steinbach.

Bill O, an Act for the relief of Pauline Noel Lapointe.

Bill P, an Act for the relief of Joseph Phillippe Marc Andre Fortier.

Bill Q, an Act for the relief of Nancy Rachel Bonnar Barclay.

Bill R, an Act for the relief of Marusia Zozula Hempseed.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: When shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

TELEGRAPHS BILL

FIRST READING

Hon. Mr. Macdonald presented Bill S, intituled "An Act to amend the Telegraphs Act".

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, December 2, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

PROPERTY QUALIFICATIONS OF SENATORS

RETURN TABLED

The Hon. the Speaker tabled a return, submitted by the Clerk Assistant of the Senate in accordance with Rule 105, listing the names of members of the Senate who have renewed their declaration of property qualifications.

MOTION FOR SUPPLEMENTARY RETURN

Hon. Mr. Macdonald: Honourable senators, with leave, I move:

That the Clerk of the Senate be authorized to receive the renewed declarations of property qualifications from those members of the Senate who have not had the opportunity to make and file the same in accordance with Rule 105, and to make a supplementary return accordingly.

The motion was agreed to.

STAFF OF THE SENATE

SECOND REPORT OF INTERNAL ECONOMY COMMITTEE

Hon. Mr. Paterson presented the second report of the Standing Committee on Internal Economy and Contingent Accounts.

The report was read by the Clerk Assistant.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration.

Hon. Mr. Paterson: With leave, now.

Hon. Mr. Reid: Next sitting of the house.

The Hon. the Speaker: Consideration tomorrow.

THIRD REPORT OF INTERNAL ECONOMY COMMITTEE

Hon. Mr. Paterson presented the third report of the Standing Committee on Internal Economy and Contingent Accounts.

The report was read by the Clerk Assistant.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Paterson: Next sitting.

The Hon. the Speaker: Consideration tomorrow.

FOURTH REPORT OF INTERNAL ECONOMY COMMITTEE

Hon. Mr. Paterson presented the fourth report of the Standing Committee on Internal Economy and Contingent Accounts.

The report was read by the Clerk Assistant.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Paterson: With leave, now.

Hon. Mr. Reid: Next sitting of the house.

The Hon. the Speaker: Consideration tomorrow.

FIFTH REPORT OF INTERNAL ECONOMY COMMITTEE CONCURRED IN

Hon. Mr. Paterson presented the fifth report of the Standing Committee on Internal Economy and Contingent Accounts.

The report was read by the Clerk Assistant.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Paterson: With leave, I move that it be concurred in, now.

Hon. Mr. Reid: Next sitting.

The Hon. the Speaker: Honourable senators, is it your pleasure to concur in the report?

Some Hon. Senators: Carried.

Hon. Mr. Reid: No, no. There has to be unanimous consent before a motion of that nature can carry on the same day that the report is presented.

The Hon. the Speaker: I heard no dissenting voice.

Hon. Mr. Reid: I said "next sitting" loud enough to be heard.

The Hon. the Speaker: I am sorry, but I heard no dissenting voice.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill T, an Act for the relief of James Alexander Stevenson.

Bill U, an Act for the relief of Vyvyan Holcombe Hervey.

Bill V, an Act for the relief of Gilberte Drouyn Serres.

Bill W, an Act for the relief of Margaret Alice May Plinn Coté.

Bill X, an Act for the relief of Stanislas Anthony Placzek.

Bill Y, an Act for the relief of Rose Enkin Carriere.

Bill Z, an Act for the relief of Lottie Levine Lubotsky, otherwise known as Lottie Levine Kuznicki.

Bill A-1, an Act for the relief of Solanges Laperle Desjardins.

Bill B-1, an Act for the relief of Jack Kaufman.

Bill C-1, an Act for the relief of Selma Sara Schachter Lande.

Bill D-1, an Act for the relief of Paul Joseph Simard.

Bill E-1, an Act for the relief of John McCullough Gasken.

Bill F-1, an Act for the relief of Joseph Louis de Gonzague Giguere.

Bill G-1, an Act for the relief of Jean Hunter Bercovitz.

Bill H-1, an Act for the relief of Diane Lorraine Cleveland Morgan Stewart Patterson.

Bill I-1, an Act for the relief of Elsie Eleanor Bennett Kirkcaldy.

Bill J-1, an Act for the relief of Bernice Margaret Vizzutti Charters.

Bill K-1, an Act for the relief of Archibald Christopher Mottley.

Bill L-1, an Act for the relief of Bessita Asaria Farchi Lotenberg, otherwise known as Bessita Asaria Farchi Lotey.

Bill M-1, an Act for the relief of George William Bonfield.

Bill N-1, an Act for the relief of Marjorie Joan LeRiche Dunphy.

Bill O-1, an Act for the relief of Geraldine Donovan Wilcox.

Bill P-1, an Act for the relief of Norma Mary MacKenzie Benton.

Bill Q-1, an Act for the relief of Anna Smilovitch King.

Bill R-1, an Act for the relief of Kathleen Dempsey Robertson.

Bill S-1, an Act for the relief of Joyce Delia Pierce Korenberg.

Bill T-1, an Act for the relief of Alfonsas Jankus.

Bill U-1, an Act for the relief of Michael Lansky.

Bill V-1, an Act for the relief of Wilma Elizabeth Dalglish Rochon.

Bill W-1, an Act for the relief of John Cromkie Nicol.

Bill X-1, an Act for the relief of Tyrus Raymond Markham.

Bill Y-1, an Act for the relief of Thelma Louise Heinz Finlay.

Bill Z-1, an Act for the relief of Dorothy Joan Glegg Statham.

Bill A-2, an Act for the relief of Mary Laura Olive Coote Laflamme.

Bill B-2, an Act for the relief of Sadie Denenberg Rockman.

Bill C-2, an Act for the relief of Yukiko Takeuchi Zusko.

Bill D-2, an Act for the relief of Joan Gooderham Wyman.

Bill E-2, an Act for the relief of Guy Favreau.

Bill F-2, an Act for the relief of Elizabeth Stewart Hughes Koren.

Bill G-2, an Act for the relief of Esther Wray Carpenter Batt.

Bill H-2, an Act for the relief of Shirley Mary Davis Robertson.

Bill I-2, an Act for the relief of Carlo Castelli.

Bill J-2, an Act for the relief of Eveline Shaheen Sauvageau.

Bill K-2, an Act for the relief of George William Swinwood.

Bill L-2, an Act for the relief of Marguerite Frances Wiggins McKay.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall the bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

SENATE DIRECTORY

INQUIRY

On the Orders of the Day:

Hon. Mr. Reid: Honourable senators, before the Orders of the Day are proceeded with, I would ask the honourable leader (Hon. Mr. Macdonald if he would be good enough to inquire and tell us when we may expect an up-to-date list of the telephone and room numbers of all senators. It is difficult to locate honourable members without an up-to-date directory. I notice that the other house has already published an up-to-date list of the telephone and room numbers of its members.

Hon. Mr. Macdonald: Honourable senators, I may say to the honourable senator from New Westminster (Hon. Mr. Reid) that I am astonished to learn the other place has an up-to-date list, for it has been my experience, in the short time I have been here, that we are just a little ahead of the other house. As to our list, I have already made inquiry and I am assured by the Clerk Assistant that it will be distributed some time this week.

SENATE FLOOR PLAN

INQUIRY

Hon. Mr. Roebuck: May I ask the honourable leader (Hon. Mr. Macdonald) when the Senate floor plan will be completed and

available? I have noticed on previous occasions that it has come to us late in the session—frequently so late as not to be of much use. It ought to be prepared immediately after the introduction of new members. We need copies at once, even if for the time being only mimeographed rather than printed copies can be obtained.

Hon. Mr. Macdonald: In reply to the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck): my information, which I hope is correct, is that the other place is not ahead of us in this respect, and we shall endeavour to keep ahead by having the plan this week.

Hon. Mr. Roebuck: Good.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill D, an Act for the relief of Catherine Miller Mary Harris Dawson Coutts.

Bill E, an Act for the relief of Elizabeth Ann Hunter Daykin.

Bill F, an Act for the relief of Martha Anne Sutherland Clarke.

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Bill P, an Act for the relief of Joseph Phillippe Marc Andre Fortier.

Bill Q, an Act for the relief of Nancy Rachel Bonnar Barclay.

Bill R, an Act for the relief of Marusia Zozula Hempseed.

The motion was agreed to, and the bills were read the third time, and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—
DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor-General's speech at the opening of the session and the motion of Hon. Mrs. Jodoin for an Address in reply thereto.

Hon. Mr. Quinn: Honourable members, having moved adjournment of the debate yesterday, I feel you will all be disappointed when I tell you that I am not going to address you this afternoon. Yesterday the honourable member from Peterborough (Hon. Mrs. Fallis) was absent, and I, as the whip of the small but important opposition, was requested to move the adjournment of the debate on her behalf. The lady member is now present, and will address the house.

Hon. Iva C. Fallis: Honourable senators, perhaps I should say at the very beginning that I am suffering from a throat disability. It is a very serious handicap in a woman and particularly when she has to make a speech in public. I am saying this in advance so that if my remarks come to an abrupt close honourable senators will know there is nothing more seriously wrong than that I have lost my voice.

Honourable senators, in rising to speak for a short time in this debate I would follow the time-honoured custom of associating myself with those who have preceded me in extending a warm welcome to the new members of the Senate, more particularly to the new women members. I also want to congratulate our new Speaker (Hon. Mr. Robertson), our new Leader of the Government (Hon. Mr. Macdonald) and the mover (Hon. Mrs. Jodoin) and the seconder (Hon. Mrs. Fergusson) of the Address in reply to the Speech from the Throne.

I would also associate myself with the Acting Leader of the Opposition (Hon. Mr. Aseltine) in expressing my own personal regret at the unavoidable absence of our Leader (Hon. Mr. Haig). The honourable gentleman from Winnipeg is very versatile. He is always interesting and lively in debate, and we miss him very much; but in our small group we count ourselves fortunate in having so able a deputy to carry on as is the honourable senator from Rosetown (Hon. Mr. Aseltine).

Hon. Senators: Hear, hear.

Hon. Mrs. Fallis: In passing, I should like to endorse a request which was made by the honourable gentleman from Rosetown when he took part in this debate. He requested the government to give consideration again to broadening the field of exemptions for medical expenses allowable as deductions for income tax purposes. When my honourable colleague was speaking on this subject it brought to my mind another factor which some people think is most unfair about medical expenses. I refer to the heavy duty imposed upon imported American

medical supplies of a kind not made in Canada. I am one of those who believe in buying Canadian goods if they are available, but if I do buy an imported article which is considered preferable, then I am perfectly willing to pay the duty imposed upon it. However, when an individual requires medical supplies which are not manufactured in Canada, I can see no reason for his having to pay a duty of 30 per cent and upwards when that article is imported from the United States. I speak with some feeling on this from my own personal experience, and I know of many others who have had the same experience. Perhaps when the leader of this house (Hon. Mr. Macdonald) is using his persuasive eloquence upon the government to induce them to accede to the request of the honourable gentleman from Rosetown, he might be good enough to refer to my grievance at the same time.

I should like to compliment the honourable leader upon the very able manner in which he delivered his first speech in this house.

Hon. Senators: Hear, hear.

Hon. Mrs. Fallis: Do not applaud too soon, for I was about to hasten to add that I could not find myself in agreement with many of the sentiments which he expressed.

Some Hon. Senators: Oh, oh.

Hon. Mrs. Fallis: However, he had my wholehearted support when he said:

> In the other house there are now four lady members; and the fact that we in the Senate have five is evidence in one more respect of our being a little ahead of the House of Commons.

I congratulate the honourable gentleman upon his keen powers of perception and his quick realization of this fact; because over a period of years it has been my experience that when members come from another place to the Senate they usually take quite a little time to realize the fact that this is a better house.

Some Hon. Members: Hear, hear.

Hon. Mrs. Fallis: And it takes them still longer, generally, to acknowledge that fact.

When I was reading over the Speech from the Throne, before rising to make these few remarks, I came to the conclusion that it was fortunate that in this debate we are not limited to the contents of the Speech, because in this particular instance they are what the boys would call "pretty lean pickings." But, honourable senators, I think that the luckiest people in this house are the wheat growers, for no matter how lean the Speech from the Throne may be, the wheat growers, and those who are interested and experts in wheat, when they speak are never at a loss for a subject.

Some Hon. Senators: Hear, hear.

Hon. Mrs. Fallis: Wheat problems are always with us.

Personally, I found the Speech from the Throne unusually dull and colourless, perhaps because so much of the material that is contained there had already been discussed widely in the press. But there is one item, which although it has been mentioned before in the house, I cannot pass without calling attention to it, because I know it will receive the unanimous support here: that is the one which forecasts legislation to provide assistance for totally disabled persons of our country.

Some Hon. Senators: Hear, hear.

Hon. Mrs. Fallis: Some of the provinces already have this legislation in their provincial domain. My own province of Ontario has had it for some time, and we feel it meets a real need. But some of the other provinces, I believe, felt that they were not financially in a position to carry the load alone. So we all welcome the fact that the federal government in this respect has followed the lead of some of the provinces and at the present session is initiating this legislation on a national basis.

But my chief purpose in rising this afternoon was to say a few words about the advent of more women members to this house and its significance here; and may I say to the honourable senators from Sorel (Hon. Mrs. Jodoin) and Fredericton (Hon. Mrs. Fergusson), that I, perhaps more than any other person in this house, have reason to be pleased that they did so remarkably well in their opening speeches in this chamber—

Some Hon. Senators: Hear, hear.

Hon. Mrs. Fallis: —because for years my theme song in this house has been, "More women for the Senate"; and if the honourable senators from Sorel and Fredericton had not done well on that occasion it would have been just too bad for me! As it is, I can offer them my very sincere congratulations; and as proof that my welcome to them today is not mere lip service, I would refer to the pages of *Hansard*, where you will find recorded many requests which I have made in the past that more women be sent to the Senate. As one example of that, may I read you just a sentence or two from page 353 of the Senate *Hansard* of May 3, 1951, when we were discussing in this house "The Senate and its work". As I rose to speak, I said this:

> When I look over the chamber as it is constituted today, in my opinion it presents two major defects. This first is that there are not enough women here. The second is of course that there are too few members in the opposition ranks.

Well, I regret very much that circumstances have not yet permitted us to remedy the second defect and add more members to the opposition; but I am sincerely glad that a beginning has been made to remedy defect No. 1, by having more women in the Senate. I was quite amused when I came back here this session. The very first day I was back more than one of my male colleagues, in speaking to me of the increased representation of women in the Senate, said, "Well, I hope you are satisfied now". I do not think I could go quite that far. I am pleased, yes, that there are more women in this chamber, but the fact that we number five out of a total membership of 102, to me does not constitute the last word on this subject. However, it is a good beginning, and I think it is very encouraging, because it is a sign of an awakening consciousness on the part of the powers-that-be to the fact that Canada has for too long been dragging its feet along this line. We all acknowledge that Canada is a progressive nation and has given outstanding leadership along many lines, but not in the recognition of its women. For example, the women of Canada received a franchise only at the close of the First World War, although for many years prior to the outbreak of the war Norway, Finland and New Zealand had all given their women full equality with men. Incidentally, Finland was the first country in the world to grant representation in parliament to its women, and has really been taking the lead ever since. I have not the latest figures on the number of women in Finland's parliament, but two or three years ago forty of its 200 members were women, one of whom had been chosen to be Minister of Health, Welfare and Social Services. Just the other day I noticed a press item which predicted that in the new State of Israel a woman who is now Minister of Labour will be named as Israel's Prime Minister. So we in Canada still have a lot of catching up to do.

In moving the Address in reply to the Speech from the Throne the honourable senator from Sorel (Hon. Mrs. Jodoin) spoke of the work of the United Nations and the great interest taken by women in the activities there. That women have an interest equal to that of men in the vital question of peace and war—which, after all, is the basic and fundamental issue underlying all foreign policy—is, I think, conceded by everyone. That being the case, it seems to me only logical that every country should give to its women adequate representation at all important international gatherings. Canada does not do this and has never done it, and so I am today making an urgent plea: that, beginning now, those who are in authority and have the power to do so should give to some of our able younger women in the political arena, irrespective of their political affiliation, opportunities for observation and training in the field of external affairs. If this is done Canada too might, in the near future, have her Eleanor Roosevelt or her Madame Pandit in the international field.

The honourable senator from Fredericton (Hon. Mrs. Fergusson) in her very able speech, when referring to the work which the women members do in this house, or in similar bodies in which they find themselves, quoted Mrs. Roosevelt as saying that women will almost always seek to co-operate, while men may be more inclined to seek to dominate. In commenting on that statement the honourable Leader of the Government in this house (Hon. Mr. Macdonald) demonstrated that the age of chivalry is not yet dead, when he replied:

> Let me assure her (the honourable senator) that our attitude will be co-operation and collaboration ever, but domination never.

Those words seemed to ring a bell in my subconscious mind and sent me leafing through the pages of *Hansard*, and I came across some remarks I made here when this subject was under discussion a couple of years ago. If I may be permitted to read a few sentences, perhaps they would dispel any doubt or fear in the mind of the honourable senator from Fredericton as to the position of women in this chamber.

I quote from *Hansard* of May 3, 1951, page 353:

> For years after my appointment to this house, while speaking at women's organizations of various kinds I have dozens of times been asked: "How do the two women senators fare in the august red chamber? Are you received on terms of equality, or are you more or less ignored when it comes to the real work of the Senate"? My answer has always been the same: "I can truthfully say that from the day I entered the Senate"—now almost sixteen years ago—"I have never seen any signs of sex discrimination."
>
> The women senators take their place in committee work and in the debates on the floor of the house just the same as their male colleagues, and like their male colleagues they must stand or fall on their merits. When it comes to the real work of the Senate, most of which is done in the committees, I am sure the honourable senator from Rockcliffe (Hon. Mrs. Wilson) will bear me out when I say that the women are never overlooked.
>
> I recall the long session of 1950 when I was serving on the joint committee of both houses on the old age security question and at the same time was a member of nine standing committees of this house. Many times I wished in my heart that my leader had not been quite so generous when he was handing out the work. But I suppose that is really proof that all are treated equally in this house.

Some Hon. Senators: Hear, hear.

Hon. Mrs. Fallis: I am sure the honourable senator from Fredericton (Hon. Mrs. Fergusson) has realized the truth of my remarks and has seen proof of them in the short time she has been in this house, for scarcely had she been sworn in when she became an active member of the hard-working divorce committe.

In closing, honourable senators, may I leave with you one further thought. I am sure every honourable senator will agree that the women of Canada have given a good account of themselves in the business and professional life of this country, in the field of education, and in high administrative positions to which they have been called by various governments; and I am equally sure that the three outstanding women who have recently come here, representing different geographical divisions or sections of this country, will make a very worth-while contribution to the work of this house and they may be assured that in the performance of their duties here they will have the good will and support of all honourable senators, regardless of party affiliation.

Some Hon. Senators: Hear, hear.

Hon. Norman P. Lambert: Honourable senators, I should like to take advantage of the opportunity afforded by the debate on the Speech from the Throne to discuss a subject which not only relates to the social and economic welfare of our own country but is rapidly presenting a serious challenge to western civilization itself. I refer to the pollution and contamination of our lakes, rivers and streams. Typifying this problem, I wish to mention especially conditions affecting this capital city of Ottawa and the surrounding federal district.

Before enlarging upon this subject, I would join with those who have already spoken in offering felicitations to the new Speaker (Hon. Mr. Robertson) and the new Leader of the Government in the Senate (Hon. Mr. Macdonald) upon their elevation to their high offices.

Some Hon. Senators: Hear, hear.

Hon. Mr. Lambert: I am sure they will enjoy their respective posts, and I feel also that the Senate in return will be stimulated and helped thereby in the accomplishment of its sessional work.

To the mover (Hon. Mrs. Jodoin) and the seconder (Hon. Mrs. Fergusson) of the Address in reply to the Speech from the Throne, I would also extend congratulations upon their excellent contributions to the records of this chamber. I should like to take time to discuss some matters raised by other honourable senators who have spoken in this debate but I shall forgo that privilege until an opportunity arises later to discuss such questions as the labour relations problem referred to by my honourable friend from Cochrane (Hon. Mr. Bradette).

I should like, however, to say without invidious distinction that I appreciated very much the address given in the house yesterday by my junior colleague from the city of Ottawa (Hon. Mr. Connolly). He is, I believe, the youngest member of this house. His speech recalled very clearly to my mind the day, fifteen or sixteen years ago, when I had to appear here and make some remarks on the Speech from the Throne. In his references to historic figures who have preceded us as members of this house he conformed, I think, to the best traditions of parliament. Possibly too few allusions of that kind are made in this chamber. After all, parliamentaary institutions draw a great deal of their strength and their inspiration from the examples set by such notable men as those of whom he spoke yesterday.

In the Speech from the Throne reference is made to the fact that

> Canada has continued to contribute to those international projects which will promote human welfare and thereby remove some of the causes of unrest and dislocation.

Beside this statement I should like to place a quotation from the preamble to the constitution of the World Health Organization. These words are prominently displayed in the outer office of our Minister of National Health and Welfare:

> The health of all peoples is fundamental to the attainment of peace and security and is dependent upon the fullest co-operation of individuals and states.

These two extracts, with a slight but important addition form the basis of what I want to say today. In the latter quotation I would insert "cleanliness" before "health", so that the declaration by the World Health Organization would read: "The cleanliness and health of all peoples are fundamental to the attainment of peace and security . . . . ."

Under these broad general terms I should like to give realistic meaning to a certain phase of this so-called human welfare as it applies to our own country, having in mind that, like charity, these great international movements for human betterment, to be effective, must begin at home.

Of the abundant natural resources with which Canada has been blessed, none is more important and vital than our fresh water rivers, streams and lakes. We take them so much for granted that their volume and quality are rarely questioned. Yet the growth of population and the rapid and varied expansion of industry, particularly in the two

central provinces of Ontario and Quebec, are beginning to raise serious problems of pollution and contamination which threaten to affect the sanitation and the economic and social welfare of large areas of this country.

Three different classes of water area come within the scope of Canadian jurisdiction. First, international boundary waters, represented by the Great Lakes and certain rivers, are within the purview of the International Joint Commission of Canada and the United States. Second, interprovincial waters such as the Ottawa river are subject to co-operation between provincial departments of government where considerations of health and sanitation are concerned, and to the supervision of federal authority where any phase of navigation is directly involved. Third, there are those local streams and rivers which are wholly within the jurisdiction of municipalities and the provinces.

In the international field much effective work has already been done by the International Joint Commission. The Boundary Waters Treaty of 1909 bound Canada and the United States in a stipulated undertaking that:

> Boundary waters and waters flowing across the boundary shall not be polluted on either side to the injury of health or property on the other side.

In 1913 a reference from both governments was made to the Joint Commission asking for an investigation into the condition of boundary waters, and a report was made containing a recommendation for remedial measures, but the outbreak of World War I delayed action on such measures. No further investigation was undertaken until 1946, when another reference relating to the same subject was made by the governments of Canada and the United States. By that reference attention was called particularly to the waters of the St. Clair river, Lake St. Clair and the Detroit river, which were being polluted by sewage and industrial wastes emptied directly into those waters. Later this reference was enlarged to include the St. Mary's river at Sault Ste. Marie, and the Niagara river.

The character of these investigations and the results arising out of them are clearly outlined in the annual reports of the International Joint Commission. A board of technical advisers was set up to advise the commission, and to undertake the actual field work that had to be done. Four members from the United States and four from Canada composed it: R. J. Menzies from the Department of National Health and Welfare and A. E. Berry of the Ontario Department of Health were our leading representatives.

The conclusions reached in this inquiry showed that the waters under reference in all three areas were being polluted on either side of the boundary to the injury of health and property on the other side of the boundary, owing to the discharge of domestic sewage and industrial wastes along the shores of the boundary waters and of the streams tributary thereto. Vessels engaged in freight and passenger traffic were also responsible for the discharge of much sewage and other wastes.

As a result of the report that was made to the International Joint Commission arising out of the reference of 1946, recommendations were made to the two respective federal governments, asking that remedial measures to overcome and offset present and future defilement of boundary waters be put into effect. The matter of jurisdiction on both sides of the line has been satisfactorily adjusted through co-operation between federal and local governments. Industry, too, has co-operated generously with government authorities in dealing with this problem. The Canadian chairman of the Joint Commission has said that industry along the boundary waters has voluntarily spent a hundred million dollars in scientific research and actual sewage disposal plants to help lessen the evils of pollution.

Much scientific data is involved in a thorough discussion of this subject. The work that was initiated by the International Joint Commission and the Departments of Public Health in the provinces and in Ottawa has provided a great fund of technical information which really needs to be simplified and clarified for public understanding. The fact remains, however, that work done in the international waters over the past ten years has aroused widespread interest in this subject as applied to interprovincial and local problems of sewage disposal as well as to the international areas. Much credit is due to the Ontario Department of Health and its energetic and efficient engineer, Mr. Berry, for the effort that is being made to have every municipality in this province provide scientific disposal plants as a means of protecting streams and rivers and lakes from defilement. The Grand River and the Thames River valleys are now the scenes of concentrated attention and development on the part of the provincial government in diverting from those waterways a rapidly increasing amount of domestic and industrial wastage.

I want to deal now with a situation that exists at our very doors, in the adjacent waters of the Ottawa River. If I should elaborate upon this particular scene it is because it represents a wide national interest as well as a local one. The development here of a fine capital city surrounded by a federal district area of great natural beauty

has been gradually taking form during the past fifty years. An accelerated interest was given to this project in 1944, when a joint committee of both houses of parliament was appointed to inquire into relations between the federal government and the municipality of the city of Ottawa and adjoining municipalities. A unanimous report was finally presented and adopted in both houses recommending on behalf of all the people of Canada that the Federal District Commission Act should be amended so as to give the Federal District Commission all possible powers to proceed with suggested plans for development in and around this capital city.

The urgent need of a sewage disposal plant was emphasized, and reference was made to "the present reckless system of sewage disposal into the Ottawa river, the both banks of which, within the most directly affected area, are the property of the Dominion of Canada".

In the years that have followed that report and the conclusion of the last war, the population of the municipality of Greater Ottawa has grown far beyond 200,000. The projected growth within the next twenty-five years indicates a population of 300,000. These figures are embodied in a special report that was made in 1950 by Messrs. Gore and Storrie, consulting engineers, to officials of the municipality and of the Federal District Commission on the subject of water supply and sewage disposal. Naturally, the situation in the river that was found obnoxious some nine years ago has become greatly aggravated, but no disposal plant has yet been established to alleviate this bad condition. Following the report of Messrs. Gore and Storrie, and in accord with its recommendation, a site of some 320 acres at Green's Creek, just east of Ottawa, has been acquired for the erection of such a plant to serve the Ontario side of the river. The total capital expenditure on this project will be shared by the Federal District Commission, but as yet no work has been initiated on constructing a necessary large interceptor sewer from below Chaudiere Falls to the proposed sewage disposal plant, or on the plant itself.

While the need for betterment in this respect is great, problems of engineering and finance in meeting this need on the Ottawa river also are great. Not only are the municipality of Ottawa and the Ontario side of the river involved, but also the city of Hull and the Quebec side of the river are affected. The capital cost of an adequate sewage disposal system in this area is too great for any one municipality to bear. The obvious need for inter-provincial and federal co-operation in getting something done soon should receive concentrated attention from the necessary governmental authorities.

Meanwhile, we are confronted with the rather ironic spectacle of a visionary plan for the reorganization and beautification of our capital city—enshrined as it has been in the plaster of paris model that has been exhibited throughout the length and breadth of this country—being all delayed and even seriously threatened by seeming inability to clean up our river and to prevent it from befouling the very district upon which the people of Canada have already spent millions of dollars to improve and beautify. By the end of this fiscal year some $28 million will have been appropriated and spent by the federal government through its Federal District Commission in trying to make a capital area here which will reflect the national pride and aspirations of our people.

It is not necessary here to enlarge upon the details of this nasty situation, involving as it does the unspeakably filthy state of the lower Ottawa river with the low level of its waters that has prevailed throughout the most of this year. Not long ago the local press gave publicity to a formal protest by one of our foreign ambassadors against the almost intolerable conditions which were affecting his official household and office by reason of too close proximity to the polluted waters of the Ottawa river. Between the Chaudiere Falls on the west to the city's limits on the east, a distance of not over four miles, raw sewage is being emptied into this river from twenty different outlets, with a consequent damage to fish, plant and bird life, and with most unpleasant pollution of the surrounding atmosphere.

At this stage it is, I think, advisable to refer to the uncertainty of the flow in these rivers due to the condition that exists in the watersheds feeding the rivers, and the lack of sufficient water in the different seasons to perform the necessary functions of the river in meeting the demands that are made upon it. That variation is in prospect of being much aggravated as the result of the building of power dams, which will have the effect of increasing the volume of water in certain places and decreasing the flow in others. We have the Des Joachims Dam in the Upper Ottawa, where a vast reservoir is now formed. The prospect is that at the Carillon Falls, sixty miles east of here, another dam will be built in the near future for the purpose of developing 500,000 horse power, the effect of which will be to create a stagnant body of water sixty miles back as far as the city of Ottawa. I mention these things

simply because they have a very direct bearing on the question of proper precautions being taken to relieve these areas from further pollution and contamination.

In short, one might say that the lower regions of the Ottawa river present at this time the most outstanding example of an open trunk sewer to be found anywhere in Canada, and its effect is to make a mockery of the beautiful site on which successive governments, as well as the people of the whole country, have envisaged an ideal capital city and district.

Fortunately, the threat from industrial waste is not a serious factor in this area, since legislation was passed some years ago forbidding the dumping of sawdust and by-products from lumber mills into the rivers and streams. But so rapid is the expansion of modern industry in the field of chemistry and atomic energy that the discharge of industrial wastes presents a prospect of continued vigilance for the engineers and scientists in government departments of health and welfare. Public opinion may well keep abreast of such development: and members of parliament and legislatures can do no better thing than to afford every opportunity for inquiry and information in this field. If for no other reason than to check this growing problem, I believe that the existence of government departments of health and welfare are fully justified.

We sometimes think that the Department of Social Welfare expends a vast amount of money, but I would remind honourable senators that the prospect of acute scientific problems arising in the years ahead out of industrialization by modern science requires the application of all the intelligence and scientific knowledge that can be devoted to them.

This subject, to my knowledge, has never been discussed in this chamber before. But in the other place, in 1949, owing to a condition that arose along the shores of Lake Ontario bordering the city of Toronto, the member for York West, Mr. Rodney Adamson, introduced an amendment to the Navigable Waters Act, in the hope that something might be done to increase the jurisdiction of the dominion in dealing with water pollution. It was by amendment to that Act that the provision was made regarding the discharge of sawdust and by-products of lumber mills in rivers. Mr. Adamson endeavoured to have that application made wider so as to offset the increasing evidence of discharge in Ashbridge's Bay and along the western shores of the lake. It will be remembered that his appeal was given added strength by reason of an unfortunate discharge of oil sludge that rendered beaches and shore waters of the lake near Toronto completely useless for bathing and other pleasures normally enjoyed by the population. Havoc to bird and fish life along those shore waters also occurred. The amendment introduced by Mr. Adamson in the other place was not concurred in, because of a point of jurisdiction which suggested that the case rested with the province of Ontario and the municipality of Toronto. I think, without having definite information before me at the moment, that steps were taken locally to prevent a recurrence of that evil.

I referred earlier to the report that was produced about ten years ago by the joint committee of both houses dealing with the work of the Federal District Commission. It seems to me that it would be most timely if the government would take steps to set up such a committee again to review the progress that has been made under the Federal District Commission Act during recent years, and also to inquire into this important problem of water pollution and sewage disposal. If a joint committee from both houses is not feasible again, then I would suggest that one of our own standing committees, either the Committee on Public Health and Welfare or the Committee on Natural Resources, might undertake this very useful task in the near future.

In conclusion, I would return to the broad statement which I made at the beginning of my remarks about this question of pollution and contamination being a challenge to modern civilization itself. Anything that I have said about conditions in the Ottawa river relates to that larger picture. Speaking recently at a conference of chemical engineers in the city of New York, Mr. J. R. Menzies, of the Department of National Health and Welfare in Canada, said:

> We must ask ourselves if the time is approaching when every drop of water that falls to earth will be polluted or contaminated. The rapid increase in population and the tremendous expansion of industry suggests this as a distinct possibility.

If these words do not constitute a challenge to modern civilization they would seem to have very little meaning indeed.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Reid, the debate was adjourned.

DIVORCE PETITIONS AND STATISTICS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 23 to 67, both inclusive, dealing with petitions for divorce.

Hon. Mr. Roebuck, Chairman of the Committee, moved that the reports be concurred in.

He said: Honourable senators, may I take advantage of this motion to give the house some information as to the progress being made by the divorce committee?

To date 294 petitions have been filed, and the date of filing does not expire until Wednesday, December 23. Although petitions are still being received, they are not coming in as rapidly as at the opening of the session; however, we may reasonably expect that the number received this session will exceed 300 and perhaps go as high as 350. Some eighty-one petitions have already been recommended, and six have been withdrawn, leaving 207 applications to be heard, along with those which will come in between now and December 23.

Honourable senators will note the very considerable progress that has been made in the work of the committee since the opening of the session. I wish to say how much I appreciate the excellent attendance of members of the committee. We have had two committees sitting simultaneously five days a week, hearing a total of approximately ten to twelve applications a day. I expect that this coming week we shall have three committees sitting at the one time, and I have just asked the honourable members of the committee to make every effort to attend on Monday next. Their attendance will enable us to keep the regular mill going on the undefended applications, while at the same time we devote one committee to the hearing of defended applications.

Hon. Mr. Dupuis: May I ask the honourable senator if all the eighty-odd cases which have already been recommended were undefended?

Hon. Mr. Roebuck: So far all the petitions have been undefended.

My thought is—and I am sure it will meet with concurrence in this house—to divide the committee members into as many subcommittees as possible, and thereby dispose of our work early in the session. In that way the members of that committee will be relieved of what is more or less drudgery and be free to take part in other committees, which have somewhat intensive sittings towards the end of every session.

I am beginning to understand the burden that my friend the senator from Rosetown (Hon. Mr. Aseltine) carried throughout his ten-year tenure on the divorce committee; and I want to thank him for substituting for me as chairman on one or two occasions when it has not been possible for me to be present.

This information will bring honourable senators up to date on the progress of the committee. I do not think the task is as hopeless as some of us may at one time have thought it was.

The motion was agreed to, and the reports were concurred in.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, December 3, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, I move, seconded by the honourable senator from Ottawa (Hon. Mr. Lambert), that when the house rises today, it stand adjourned until Tuesday evening at 8 o'clock.

The motion was agreed to.

SENATE DIRECTORY

INQUIRY ANSWERED

Hon. Mr. Macdonald: Honourable senators, in answer to the inquiry made yesterday by the honourable senator from New Westminster (Hon. Mr. Reid), I may say that I have been informed by the Clerk Assistant that a booklet containing an up-to-date list of senators and the committees to which they have been appointed has been prepared and will be distributed today.

SENATE FLOOR PLAN

INQUIRY ANSWERED

Hon. Mr. Macdonald: Honourable senators, in answer to the inquiry made by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) as to when the new floor plan of this chamber will be printed, I may say that I am informed by the Clerk Assistant that the plan has been prepared and will be distributed this afternoon.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor-General's speech at the opening of the session and the motion of Hon. Mrs. Jodoin for an Address in reply thereto.

Hon. Thomas Reid: Honourable senators, before entering into the discussion on the Address in reply to the Speech from the Throne, there are certain amenities which, as a representative of British Columbia, I should like to observe. And so, *Monsieur le Président,* I want to begin by paying my compliments to you, giving you my sincere congratulations upon your elevation from the leadership of the house to the speakership. I can assure you that I do not expect you will have any more trouble with me than your predecessor had.

Some Hon. Senators: Oh, oh.

Hon. Mr. Reid: Be that as it may, I think I voice the sentiments of us all in saying that we are delighted to see you holding such a high position.

Hon. Senators: Hear, hear.

Hon. Mr. Reid: Next, may I offer the new leader of the Senate (Hon. Mr. Macdonald) my sincere congratulations. It was my good fortune to know him when both of us were in the other place, and, echoing what has been said in compliment to him, I would say that I know he will bring to this honourable chamber the same intelligence, tact, and desire to carry on the business of the house as he did when he was Speaker of the House of Commons. However, perhaps by inadvertence, a new honour has been bestowed upon him, for I have noticed that various senators have referred to him as "the leader of the government in the Senate". Now, honourable members, he is not that, he is leader of the Senate in the government. The two things may sound the same, but there is quite a difference and quite a distinction, and I trust the new appellation will not be repeated, for it may leave the impression with many that the government is really running the Senate.

Hon. Mr. Euler: Isn't it?

Hon. Mr. Reid: I was pleased to hear the leader say that he would try to have more legislation introduced in this chamber, that he would take full interest in the work of the Senate and endeavour to give it the kind of leadership it has had throughout many long years.

At this time I should like to say a word about the Leader of the Opposition (Hon. Mr. Haig), for I feel it means something to our colleagues who are ill when we pause in our deliberations to remember them. None of us like to be forgotten, so I would request the acting Leader of the Opposition (Hon. Mr. Aseltine) to kindly convey to his leader my personal regards, and the hope that he will soon return to good health and again take his place in this chamber.

Hon. Senators: Hear, hear.

Hon. Mr. Reid: May I say to the acting Leader of the Opposition that he need offer no apologies for the way in which he is conducting the affairs of his party in the Senate. He is doing an excellent job, and we all admire his leadership.

Hon. Senators: Hear, hear.

Hon. Mr. Reid: May I also, at this time, extend a welcome to the new senators, particularly the lady members. While the mover (Hon. Mrs. Jodoin) of the Address in reply to the Speech from the Throne was speaking, I wondered exactly what was in her mind when she reaffirmed the old Biblical statement that it is not good for man to live alone. I looked around me and I saw at least one bachelor in our midst, and my mind strayed a little and I wondered just what kind of problem would arise if—but I need say no more.

I am sure everyone will agree with me when I say that the new members who have taken part in the debate so far acquitted themselves splendidly. I extend to them the best of good wishes for their future careers in this great chamber.

I listened with a great deal of interest to the speech made yesterday by the honourable senator from Ottawa (Hon. Mr. Lambert). While I am not going to enter into a discussion at this time regarding the pollution of the Ottawa river, I want to say that I heartily agree with the honourable gentleman's proposal that a committee be set up to review the progress that has been made by the Federal District Commission in its work, which affects Canada as a whole and Ottawa in particular. I had the honour of serving years ago on the International Joint Commission to which the honourable senator referred yesterday, and I feel safe in saying that that commission did a lot of good.

Hon. Mr. Lambert: Hear, hear.

Hon. Mr. Reid: The fact that some of its recommendations have not been carried out is a matter well worth inquiring into.

The acting Leader of the Opposition (Hon. Mr. Aseltine) and some of his colleagues have spoken about the wheat situation in this debate. I am not going to answer them now. In a speech that I made here last session I stated that many wheat farmers in the prairie provinces were living the life of Riley—but, lo and behold, the press quoted me as saying that farmers as a whole were living the life of Riley. I did not speak of farmers generally. What I said was that many wheat farmers in the prairie provinces were living the life of Riley, and I do not retract one word of that statement. I do believe that statement is true, but it does not apply to all farmers.

I was rather interested in what the acting Leader of the Opposition said about wheat, and particularly in his statement that the farmers do not want any subsidy; but before he concluded his remarks he said that if wheat dropped below 50 cents a bushel the government would have to come to their assistance. I wondered if he meant that a subsidy would be needed then or not; because, as I see it, if the price of wheat dropped below 50 cents and the government were called upon for assistance, the assistance would be a subsidy. I think honourable senators will agree with me when I say that, in my opinion, the placing of a guaranteed price on farm products has confronted the United States and Canada with a problem that we had never dreamt of. I remember appealing during the war years to the Minister of Agriculture to guarantee a special price to encourage production of eggs by poultrymen in British Columbia. His reply was applicable to what is now taking place in connection with certain farm products, both in the United States and Canada. The minister said that if the government guaranteed a price on eggs the farmers would produce so many for the market that it would be a grave problem to know what to do with them. If for any agricultural product a guaranteed price were set, somewhat above the cost of production, as has been done for certain farm products in the United States, we would find the farmers producing for the market in abundance. Just what the solution to that problem would be, I am not going to say, other than that I am heartily in accord with statements of the Minister of Agriculture that the curtailment of acreage is not the solution. As I have said, new problems have been brought about by guaranteed prices, and unless we are prepared to give away some of our agricultural produce it will be very difficult indeed to know how to maintain prices and find or maintain ample markets.

The honourable senator from Blaine Lake, (Hon. Mr. Horner) mentioned something about juvenile deliquency, and I am quite in accord with what he said, but I would point out to him and all honourable senators that whilst there has been a great increase in juvenile deliquency and one might be tempted to blame youth entirely, the fact remains that our older people have changed too. Many fathers and mothers are not giving the attention or care to, nor have they control over, their families that parents had when the honourable senator and I were young.

Hon. Mr. Horner: No; there was no baby bonus then.

Hon. Mr. Reid: It is perfectly true that there was no baby bonus then; but I know that I echo the voices of many people when I say that it would have meant a lot to them, as it would have meant to the humble home in which I was raised, if the baby bonus had been available then.

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: I was astounded by a report published the other day that more than 11 per cent of Canada's penitentiary population were juveniles under the age of twenty years. This startling figure emphasizes the need for giving more consideration to this problem today than was given in the past. Certainly the problem will not be cured if we continue simply to lock up young people in our prisons with older and more experienced law breakers.

I am wondering also whether our educational system may not have something to do with juvenile delinquency. It is my belief that although we have changed our ways of living, and are supposedly living in an enlightened age, over the centuries human beings have not changed much, if any; in other words, in spite of our so-called high standard of living and enlightened age, the people of today are not very dissimilar to people of the early ages.

I read a report of a recent lecture given by Miss Dorothy Ryan to a parent-teacher's association meeting in this city, and I was rather astounded to note her statement that the child should be allowed freedom of choice. I am not altogether surprised that someone who still bears the title of "Miss", and has never had the duty of rearing children, would make such a statement as that. But what, I wonder, would the fathers and mothers who attended that meeting think of the suggestion that their children should be allowed to have their own way and do what they liked? If that is the doctrine being preached today, it is little wonder that the youth are getting out of hand and becoming disrespectful.

As was pointed out in a book which I recently read, we are devoting too much time to the training of persons to be teachers only, without scholarly or cultural achievements; in other words, teachers are being trained, not educated. Not long ago I noticed a statement which I shall pass on to you for what it is worth, not knowing whether it comes from a poet, philosopher or cynic. I quote:

> Education is sometimes called the inculcation of the incomprehensible into the ignorant by the incompetent.

Honourable senators, I do not intend to deal at any length with the White case or the Gouzenko controversy, other than to say that I think many of the speeches and utterances made with regard to these questions have been quite out of place. It must be remembered that we in Canada are very close neighbours with the United States, and much that we say is taken literally there. The same cannot be said of the relations of the United States with Great Britain and Europe, some 3,000 miles away. It is my belief that much of what has been said on this subject borders on political interference in the international realm.

I was interested in the comments of one reporter who visited the United States Senate Internal Security Committee inquiry through the medium of television, when he said that everything in the committee room was as clear as day, except the truth. I hope that we do not follow the United States and bring television into our houses of parliament or into our committees, for if we do men and women will largely become actors. Although I am not saying anything against those who do appear on television, it has been said that ex-President Truman himself was induced to appear on television to answer certain accusations because millions of people would see and hear his presentation. Anyone familiar with what goes on across the border knows that everybody is out for a good show, and frequently the participants in public affairs are not only speakers but actors as well. In that way the truth is sometimes hidden and very often is stretched. I repeat my hope that television will not come into the Senate or the other place. In my humble opinion television could become a mixed and doubtful blessing.

I turn now, honourable senators, to discuss some of the proposed legislation outlined in the Speech from the Throne, and I shall deal particularly with the matter of pipe lines. Before launching into that subject may I say how pleased I was to learn that the dominion government had decided to get out of the telephone business in the interior of British Columbia. To be honest, I never thought I would live long enough to see a government get out of a business, once it was in it. It has been said that if one hired a man to shovel snow in front of the parliament buildings, and returned in ten years to see how the shoveller was doing, he would find there a three-storey office building, with stenographers, superintendents and managers for the one man shovelling snow.

Some Hon. Senators: Oh, oh!

Hon. Mr. Reid: Probably in the early days private enterprise was reluctant to face the cost of telephone service in the interior of British Columbia, and so the government served a need by giving service there.

I come now to the decision of the government with respect to the proposed pipe lines for natural gas, both east and west. I cannot quite understand what the government are getting at: on the one hand, they say they are in favour of an all-Canadian route for a gas pipe line; and, on the other hand, with respect to oil pipe lines, they have no

regard as to where the oil may go. For instance, an oil pipe line has been constructed from Edmonton to Vancouver, a distance of 718 miles, at a cost of $93 million.

Hon. Mr. Wood: $96 million.

Hon. Mr. Reid: By the end of the year that twenty-four-inch pipe line will be able to deliver some 160,000 barrels a day. About a hundred miles short of Vancouver the company intend laying a tributary pipe line leading down to the United States, where American interests are prepared to construct a $5 million or $10 million refinery to take part of the oil deliveries. Yet nothing has been said by the Transport Board or the federal government about oil shipments out of Canada. When it comes to natural gas—something which many districts could do without—much has been said about an all-Canadian market for Canadian gas. I hope the government will give a second or perhaps even a third look, at their decision in that respect. It must be remembered that we in British Columbia may never have natural gas if this policy continues. The population of Greater Vancouver is not large enough to pay for a $120 million gas pipe line.

It is my opinion, honourable senators, that we should try to serve all our people with the cheapest kind of fuel, and I trust the government will give some consideration to the adoption of a system in effect across the line, where the supply goes into a grid and is then distributed. Gas from northern British Columbia and Alberta could very well be handled in this way. It is well known that Providence, when creating this continent, placed some things in the east which are required in the north and some in the west of the continent that should go south. But we intervened with an imaginary boundary line. The people in the east should, I contend, be supplied with gas from the United States and we, in turn, if supplies of gas in northern British Columbia and Alberta are abundant, should make this available not only to the people of British Columbia but also to the people of Washington and other districts south of the line. I trust the government will not take too strong a stand on the principle that all these supplies of natural gas must be restricted to Canadians, particularly when, in the case of petroleum products and oil, exportation to the United States is allowed. To this I do not object, for if we cannot use all the oil that is being produced and flowing through a pipe line to Vancouver, we should not begrudge our neighbours a share of it. Some of the measures which have been taken lately do not find favour with those of us who believe in private industry, among whom I include myself. The consumers, the people, in my opinion should receive first consideration from the government.

I shall not enter at length into the controversy between the Trans-Canada Air Lines and the Canadian Pacific Air Lines. But in this connection may I make it clear that I am not taking the attitude of a *laisser-faire* liberalism. We have moved a long way into a new era, and this requires some change in our views and our philosophy. But if we believe in private enterprise—and I use the word "private" rather than "free" because there is a definite distinction—we should give serious consideration to the application of the Canadian Pacific Air Lines. I understand very well the government's position. They pioneered T.C.A., and the growth of air traffic is making this line a serious competitor with both railways, particularly the Canadian National. But has our thinking on these matters so changed that we are to refuse to allow a private company to participate in this business because we fear it will go broke? Since when has it been the duty of a government to consider whether a person or a company will go broke? If that is to be our new pattern of thinking, I should like to hear some definite official statement on it. I have protested loudly in my own province against infringements of this kind, based on provincial regulations. In my district I would not be allowed either a taxi licence or a trucking licence. As I pointed out last session, a man in our neighbourhood was fined for providing better milk than was being sold generally to the public. If I want a taxi licence I must go before a board, and most likely would be refused because, as the board would say, "There is a taxi business two miles away, and we believe you would go broke". Is it any concern of any government whether I succeed or fail? Do they no longer believe in free private enterprise? Is it not my affair whether I put my money in a taxi service or a trucking business? As regards Trans-Canada Air Lines, admittedly they have pioneered in Canadian flying services; but I venture to say that honourable senators present could mention many instances of pioneers in this or that type of private enterprise who later found themselves confronted with competition and accepted it, without a thought of asking any government to prohibit it. That is the way we have conducted our business life ever since I came to this country—and, if it would interest anyone to know the year it was 1909. But what I cannot understand about the air line issue is this: there may be some grounds for the government's decision to

refuse a licence to the Canadian Pacific Air Lines to fly cargo planes from Vancouver to Winnipeg, but for the life of me I cannot understand why the Canadian government—or T.C.A.—should be in the business of flying people into Mexico. Canadian Pacific Air Lines are operating into Mexico, and Trans-Canada Air Lines got into some trouble with the United States authorities, which has not yet been cleared up, about picking up passengers, I believe at Tampa, on the way to Mexico.

So if the government is to go further into the sphere of private business, let us know about it, and let those of us who believe in free private enterprise tell them they are wrong. I have always held that, as regards most lines of business, there should be as little government participation as possible.

I want to say a word or two regarding requests which have come from municipalities for government aid. I know that changes are proposed in the direction of providing increased payments for government buildings within a municipality. But first may I remark that I was rather surprised at the statement, which is credited to the leader of the Progressive Conservatives, that political parties should enter into contests for municipal office. As one who has had quite a few years of municipal experience, I hold, and I think most honourable members will agree, that the less political partisanship enters into local municipal affairs, the better.

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: The C.C.F. tried to get into local politics. Not long ago they used to run candidates under their official banner, but they are not doing it any longer, because they discovered that the people of this country do not take kindly to that type of dictation. I am opposed to political parties contesting for municipal office and I hope the rank and file of the Progressive Conservative party do not take their leader's suggestion very seriously. While I am on the subject of municipalities I should like to say that the time has come when the relationship between municipal and provincial governments and the federal government should be completely reviewed. Some provinces are exceedingly well off today, and it is surprising they have done so little for their municipalities. Just look at the province of Alberta, whose treasury has reaped a harvest of more than $220 million from its oil and gas rights during the last seven and a half years. Alberta is sitting with more money than is required to wipe out its entire provincial debt. During the last election campaign in British Columbia I made the statement that no provincial government has treated its municipalities more poorly than has the Social Credit government of Alberta. It is rather significant, however, that whenever the members of the Social Credit group of the other house come through our province they criticize the federal government for not doing enough for Canada's municipalities.

What happens when a calamitous flood or fire destroys a large number of homes and properties and the province concerned is unable to take care of its people? The rest of Canada is asked to come to the aid of these people, and the federal government is called upon to make special grants. But when it comes to a matter of natural resources, the provinces claim these for themselves and want to have full control over them.

I pass now to health insurance, a subject introduced during this debate by the honourable senator from Medicine Hat (Hon. Mr. Gershaw). I wish to compliment him upon making a fine speech, which was both interesting and educational. At this time I want to place certain figures before the house, for I am somewhat perturbed about the increased demand that has arisen from opposition parties for a national health insurance plan. This seems to be one of the most popular subjects on which they voice themselves. I wonder how many honourable senators know that Mr. Joliffe, the former leader of the C.C.F. party in Ontario, told his followers at their last meeting that if they ever hoped to get votes they had better stop talking about social welfare and think up something new. He said that the Liberal party, with its old-age security program, had really stolen the thunder of the C.C.F. party, and he advised the C.C.F. to start advocating a national health insurance plan, and to point out the health benefits enjoyed by the people of other countries.

At the present time there is a drive by certain trade unions, by opposition parties and by others to make it appear that the federal authorities have been derelict in their duties in not jumping into a health insurance program of some kind. I have listened to many speeches on the subject, but I have not yet heard one that has set out just what the speaker meant by health insurance. Generally speaking, I think its principal benefit is hospitalization. But if this is what it means, then British Columbia's experience in this matter should serve to warn us from jumping too hastily into any national hospitalization scheme. The British Columbia plan is

now operating under a deficit of $30 million with current shortages running to $9 million per year. Hospital rates have jumped, for as soon as union employees of hospitals realized that the state was guaranteeing hospitalization costs they were quick to take advantage of it by demanding increased wages. As I have said in this house before, unionization has reached such a stage that if an electric light bulb in a hospital burns out, only a member of a certain group is allowed to replace it; no one else is permitted to do that. This sort of thing has helped to make hospitalization costs soar sky high. A general room in a Vancouver hospital that cost $11 per day a few years ago now costs as much as $17.

The cost of operating the government-sponsored health program in Great Britain more than doubled its original estimate, and even the Labour government had to impose a limit on the plan's benefits. I have before me an article describing the high cost of social security measures in New Zealand, a country that has boasted of the great things it has done for its common citizens. It reads:

> High cost of "Social Security" is beginning to tell in New Zealand. Introduced by socialists fifteen years ago, New Zealand welfare state is now taking more than 46 per cent of all government's revenue.

Let me make it clear that I am not opposed to health insurance, but I want to warn the government to be cautious before embarking on any wild health scheme. Let's not jump on the band wagon of those who claim that it is the responsibility of the federal government to carry out a health program. Health is a provincial matter, and I would ask those who advocate such a scheme just what it involves. Does it mean the providing of free hospitalization and medical care, medicine, X-rays, false teeth, hearing aids, surgery, artificial limbs, glasses and so on? They have gone to this limit in Great Britain, and one Scottish doctor told me that he never knew there were so many people with poor eyesight in Scotland until the government started supplying free eye-glasses. It seems that everyone suddenly found he had some kind of an eye impairment or needed a new pair of glasses. I feel the medical profession has a certain responsibility in this matter.

We must remember, too, that in some ways our hospital care is not what it used to be. I recall that when I was young a person confined to hospital was given the best of attention, but nowadays hospital patients seem to be treated as mere numbers. Mr. A. R. J. Wise, General Superintendent of St. Mary's Hospital in Manchester, England, has said that hospital patients are being treated as coldly as a machine in an automobile assembly line. A patient entering a hospital often feels that no one is especially concerned about him as a person, because the nurses are busy with their official tasks, the doctors are not always present and the superintendent's office seems remote and unapproachable. I say this in all kindness to senators who were formerly members of the medical profession, for in my opinion it is unfortunate that the era in which they practised has gone. I am inclined to think that they, as general practitioners knew more about the human body than many medical men of today do. It seems that most of the medical men one meets now are specialists. I am reminded of a man who went to an eye specialist, who said to him: "You have come to the wrong place. Your trouble is with the left eye, and as I only attend to the right eye you will have to go to someone else."

We are living in days of specialization. The services of the old family doctor were often very efficient; he knew a lot about our ailments, what was wrong with us and what we needed. Many of the old ways were splendid in their day and would be splendid even now. In this connection, may I suggest to honourable senators—and I trust the leader of the Senate in the government (Hon. Mr. Macdonald) when he is present at a government caucus, will draw attention to this—that we should not enter into any scheme of hospitalization without knowing where we are going and what the cost will be. When the hospitalization scheme was introduced in British Columbia everyone was supposed to make a contribution, but the latest figures I have show that 32 per cent of the people have never paid their share. It might be possible to compel a few to pay, but you cannot compel payment from 48,000 heads of families and other persons who have not paid and do not intend to pay. The hospitalization scheme is causing British Columbia to go deeper into the hole all the time, and the problem is becoming more serious because more and more people are not going to pay. The federal government had better take note of experiments made by the different provinces, and carefully consider the cost before going all-out for a national health insurance plan.

Lastly, I want to speak on a subject which has become extremely serious these days, and of which I was reminded when I read that a revision of the Criminal Code is contemplated. I have some very interesting figures regarding traffic on our highways, and the number of deaths and accidents which have occurred in every province in Canada. Coupled with this subject, I am going to have a word or two to say regarding Canada's present drink bill and the rising rate of mortality due to

drunken driving, or drivers under the influence of liquor. I have figures only for 1951. In that year the sale in Canada of alcoholic beverages—spirits, beer and wine—totalled $741 million. That is a lot of money in any man's language. It would be interesting to know why the Dominion Bureau of Statistics is now including in its cost of living index the money spent on liquor. Does that mean that alcohol has now become a necessity? True they do not call it the cost of living index now; although it is the same old line of figures, it is now given out as the "Consumers' Index." If you ask them about it they will tell you that it is no longer the cost of living index, that it is the consumers' index. However, before the name was changed they slipped in figures showing the rise and fall in the price of liquor and other alcoholic beverages. I should like to know why this has been done. If it is considered that alcoholic beverages are part of our way of life now, I would like to have a definite statement on the matter.

In British Columbia last year the consumption of alcoholic beverages amounted to $71 million out of which the provincial government made a profit of over $20 million. Once a provincial government gets into this business it will never get out. Honourable senators will remember reading in their history books of how for years Great Britain sold opium and found it profitable, and fought a war to keep in the opium business. The reason given was that she could not afford to lose the revenue derived from it. Today governments are thinking of alcoholic beverages in the same way, and the provinces which are in the business up to their necks, are of course now dependent on the money obtained from that source. I should like to mention a serious statement made by one who has studied this subject: that in spite of the five-day week, more leisure and more money, there has been more drinking, with resultant absenteeism in industry, and that absenteeism on Mondays is greatly on the increase.

An Hon. Senator: That is right.

Hon. Mr. Reid: I now turn to the subject of traffic on our highways. In 1951 there were 4,253 motorists charged with driving while under the influence of liquor. In the city of Vancouver alone, 38 deaths have occurred already this year. The figures I am quoting were given to me very readily and willingly by the R.C.M.P., and I think some of them, at least, are well worth placing on record. In 1942 there were 1,524,153 vehicles in the whole of Canada; in 1951 there were 2,872,420. In 1942, 40,885 accidents occurred on our highways; the number in 1951 was 199,454. Deaths from motor accidents rose from 1,409 in 1942 to 2,686 in 1951. If honourable senators are interested in figures for the various provinces, the report will be available.

Hon. Mr. Aseltine: Put it on the record.

Hon. Mr. Reid: If it is the wish of honourable senators, I shall place the document on the record.

Some Hon. Senators: Agreed.

See appendix at end of today's report.

Hon. Mr. Reid: May I just add that I am told it is impossible to segregate the number of deaths arising out of car accidents caused by drunk drivers and those under the influence of liquor. It should be said that two provinces—namely, Ontario and Quebec—handle their own policing, and do not come under the R.C.M.P.

I am sure that honourable senators who read these startling figures will agree with me that when the Criminal Code bill again comes before parliament we should consider particularly the need for making a greater distinction between driving while intoxicated and driving while ability to drive is impaired. As a layman, I was rather surprised to learn that a person who is intoxicated may not be found to be incapable of driving a motor car. That is most strange to me, for I know many persons who, even when in their sober senses—that is, when they have consumed no alcohol at all—become wild maniacs once they get behind a wheel. What must such people be like when they have had a few drinks of an alcoholic beverage?

Hon. Mr. Grant: Maybe it would improve their driving.

Hon. Mr. Reid: It depends on what one means by "improve". If I were to see coming at me a car driven by a man who I knew had had a few drinks, I would climb the nearest pole. An incapable driver—

Hon. Mr. Lambert: Is the proper term not "impaired" rather than "incapable"?

Hon. Mr. Reid: Thank you; the word is "impaired".

I repeat, it was not until I read the Act with some care that I learned some distinction was made between driving while drunk and driving while ability to drive is impaired. I may be accused of having not spoken up when this matter was considered in the other house while I was a member there. However, I have two grounds on which to defend myself: First, motor traffic in those days was not so heavy as it is today and fatal accidents were not so numerous; and second, I am now in a place where we

are expected to take a second look at legislation, and in this instance I am urging that we do so.

Before closing I should like to deal with defence expenditures. Some criticism has been levelled at the government because of their large expenditures for defence purposes, but I want to compliment them upon what they are doing in the matter of defence.

I recently read an interesting account by a Japanese newspaperman of the experience of a number of Japanese who had just returned from Russian slave camps. The reporter, who was educated at the University of British Columbia, and was throughout the war a prisoner in Russia, has now been given the job of interviewing prisoners coming from the slave camps. The statements of these prisoners as to the military strength of Russia are somewhat alarming to contemplate. Those who would criticize the government for their defence expenditures should think about these things.

A prominent military man, back in 1940, said to me, "Reid, God help us if we are ever again caught napping." We all remember that in 1932, when Hitler was building up his military strength, he said he was not preparing for war; indeed, some prominent Americans thought that no country could ever stand up against the Germans. In 1932 Churchill had to flee the United Kingdom for speaking out his mind about Hitler's preparedness; the newspapers referred to him as a warmonger, and said that while Germany had military strength she had no desire for conquest. I repeat what my military friend said: If ever again we are caught napping, we will never survive. That is particularly true as long as a country like Russia, which has been building up her military strength since the Second Great War, continues to do so. I say that this country should spend all it can in an effort to be prepared to meet aggression from that or any other quarter of the world today.

I mention again the names of White and Gouzenko, only to recall to mind that in view of the secrets that were sold by these dastardly spies, it is a miracle that we are alive today. The punishment of five or ten years' imprisonment for their flagrant violation of secrecy is utterly inadequate. And I say that the men from Great Britain who sold our most valued secrets should have been disposed of in a more drastic way. Imagine a spy being given a sentence of only five or ten years for selling his country's secrets to Russia, which is now preparing to conquer the world! Let us not be soft about this thing.

I conclude with these words: We are not spending millions of dollars today to push back the Russians, but rather to defend civilization, and we should be prepared to spend generously to that end.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Hawkins, the debate was adjourned.

STAFF OF THE SENATE

SECOND, THIRD AND FOURTH REPORTS OF INTERNAL ECONOMY COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the Second, Third and Fourth Reports of the Standing Committee on Internal Economy and Contingent Accounts.

Hon. Mr. Paterson, Chairman of the Committee, moved that the reports be concurred in.

Hon. Mr. Reid: Honourable senators, may I say a few words arising out of what was said on the presentation of these reports yesterday?

There must have been considerable noise here at the time, because at this end of the chamber one could not hear what was being presented. While some senators may not care much whether they hear everything that is said or not, for my part I do not apologize for taking an interest in everything that goes on here.

I requested that these reports be allowed to stand until today merely for the purpose of having an opportunity to see what was before the house. I am not opposed to what is being recommended by the committee. However, I should like to leave this thought with honourable senators—and it occurs to me after long experience in parliament—that we should place the responsibility for action taken by the Internal Economy Committee in the hands of His Honour the Speaker.

The motion was agreed to and the reports were adopted.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Howden, for the Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill T, an Act for the relief of James Alexander Stevenson.

Bill U, an Act for the relief of Vyvyan Holcombe Hervey.

Bill V, an Act for the relief of Gilberte Drouyn Serres.

Bill W, an Act for the relief of Margaret Alice May Plinn Coté.

Bill X, an Act for the relief of Stanislas Anthony Placzek.

Bill Y, an Act for the relief of Rose Enkin Carriere.

Bill Z, an Act for the relief of Lottie Levine Lubotsky, otherwise known as Lottie Levine Kuznicki.

Bill A-1, an Act for the relief of Solanges Laperle Desjardins.

Bill B-1, an Act for the relief of Jack Kaufman.

Bill C-1, an Act for the relief of Selma Sara Schachter Lande.

Bill D-1, an Act for the relief of Paul Joseph Simard.

Bill E-1, an Act for the relief of John McCullough Gasken.

Bill F-1, an Act for the relief of Joseph Louis de Gonzague Giguere.

Bill G-1, an Act for the relief of Jean Hunter Bercovitz.

Bill H-1, an Act for the relief of Diane Lorraine Cleveland Morgan Stewart Patterson.

Bill I-1, an Act for the relief of Elsie Eleanor Bennett Kirkcaldy.

Bill J-1, an Act for the relief of Bernice Margaret Vizzutti Charters.

Bill K-1, an Act for the relief of Archibald Christopher Moottley.

Bill L-1, an Act for the relief of Bessita Asaria Farchi Lotenberg, otherwise known as Bessita Asaria Farchi Lotey.

Bill M-1, an Act for the relief of George William Bonfield.

Bill N-1, an Act for the relief of Marjorie Joan LeRiche Dunphy.

Bill O-1, an Act for the relief of Geraldine Donovan Wilcox.

Bill P-1, an Act for the relief of Norma Mary MacKenzie Benton.

Bill Q-1, an Act for the relief of Anna Smilovitch King.

Bill R-1, an Act for the relief of Kathleen Dempsey Robertson.

Bill S-1, an Act for the relief of Joyce Delia Pierce Korenberg.

Bill T-1, an Act for the relief of Alfonsas Jankus.

Bill U-1, an Act for the relief of Michael Lansky.

Bill V-1, an Act for the relief of Wilma Elizabeth Dalglish Rochon.

Bill W-1, an Act for the relief of John Cromkie Nicol.

Bill X-1, an Act for the relief of Tyrus Raymond Markham.

Bill Y-1, an Act for the relief of Thelma Louise Heinz Finlay.

Bill Z-1, an Act for the relief of Dorothy Joan Glegg Statham.

Bill A-2, an Act for the relief of Mary Laura Olive Coote Laflamme.

Bill B-2, an Act for the relief of Sadie Denenberg Rockman.

Bill C-2, an Act for the relief of Yukiko Takeuchi Zusko.

Bill D-2, an Act for the relief of Joan Gooderham Wyman.

Bill E-2, an Act for the relief of Guy Favreau.

Bill F-2, an Act for the relief of Elizabeth Stewart Hughes Koren.

Bill G-2, an Act for the relief of Esther Wray Carpenter Batt.

Bill H-2, an Act for the relief of Shirley Mary Davis Robertson.

Bill I-2, an Act for the relief of Carlo Castelli.

Bill J-2, an Act for the relief of Eveline Shaheen Sauvageau.

Bill K-2, an Act for the relief of George William Swinwood.

Bill L-2, an Act for the relief of Marguerite Frances Wiggins McKay.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Howden: With leave, I would move the third readings now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until Tuesday, December 8, at 8 p.m.

APPENDIX

HIGHWAY STATISTICS

(Referred to in speech today by Hon. Mr. Reid)

CANADA GENERAL

1951 Surfaced Highways: 165,423 miles—
an increase of 42,531 miles since 1941.

Year	Vehicles	Accidents	Deaths
1942	1,524,153	40,855	1,409
1943	1,511,845	37,854	1,437
1944	1,502,567	37,893	1,372
1945	1,497,081	46,501	1,556
1946	1,622,463	61,784	1,781
1947	1,835,959	74,738	1,869
1948	2,034,943	92,862	2,086
1949	2,290,628	115,253	2,265
1950	2,600,269	132,965	2,270
1951	2,872,420	199,454*	2,686

* Please note Quebec.

ALBERTA

1951 Surfaced Highways: 18,467 miles—
an increase of 14,152 miles since 1941.

Year	Vehicles	Accidents	Deaths
1942	125,482	3,503	62
1943	127,559	3,060	84
1944	127,416	3,241	80
1945	130,153	4,125	71
1946	138,868	6,176	91
1947	155,386	5,394	103
1948	173,950	8,700	125
1949	200,428	9,350	172
1950	230,624	9,735	162
1951	259,841	11,865	184

BRITISH COLUMBIA

1951 Surfaced Highways: 11,242 miles—
an increase of 2,674 miles since 1941.

Year	Vehicles	Accidents	Deaths
1942	132,893	5,451	132
1943	134,691	5,213	155
1944	135,090	5,203	124
1945	134,788	7,067	125
1946	150,234	9,792	158
1947	179,684	13,056	207
1948	202,126	17,563	193
1949	230,008	19,061	176
1950	270,312	18,029	188
1951	291,417	20,381	227

SASKATCHEWAN

1951 Surfaced Highways: 15,963 miles—
an increase of 11,435 miles since 1941.

Year	Vehicles	Accidents	Deaths
1942	130,040	1,608	58
1943	133,839	1,309	34
1944	140,992	1,624	43
1945	140,257	2,354	58
1946	148,206	3,425	70
1947	158,512	4,344	51
1948	167,515	5,733	87
1949	185,027	7,285	85
1950	199,866	6,523	91
1951	215,450	7,324	93

MANITOBA

1951 Surfaced Highways: 9,215 miles—
an increase of 375 miles since 1941.

Year	Vehicles	Accidents	Deaths
1942	93,147	2,835	52
1943	93,494	2,535	44
1944	93,297	2,792	53
1945	92,758	3,368	67
1946	101,090	5,158	94
1947	112,149	6,008	77
1948	128,000	7,447	81
1949	139,836	8,801	105
1950	157,546	10,534	75
1951	171,265	9,743	102

QUEBEC

1951 Surfaced Highways: 27,157 miles—
an increase of 5,527 miles since 1941.

Year	Vehicles	Accidents	Deaths
1942	222,622	10,831	363
1943	222,676	11,762	392
1944	224,042	11,418	406
1945	228,681	13,333	424
1946	255,172	15,987	482
1947	296,547	19,194	476
1948	335,953	20,781	599
1949	384,733	29,383	645
1950	433,701	34,300	682
1951	500,729	82,211*	818

* Q.P.P. cannot account for large increase.

ONTARIO

1951 Surfaced Highways: 60,944 miles—
an increase of 4,644 miles since 1941.

Year	Vehicles	Accidents	Deaths
1942	715,380	13,490	610
1943	691,615	11,025	563
1944	675,057	11,004	526
1945	662,719	13,458	637
1946	711,106	17,356	729
1947	800,158	22,293	753
1948	874,933	27,406	782
1949	970,137	34,472	873
1950	1,104,080	43,681	850
1951	1,205,098	54,920	991

NEW BRUNSWICK

1951 Surfaced Highways: 10,600 miles
an increase of 2,091 miles since 1941.

Year	Vehicles	Accidents	Deaths
1942	37,758	1,134	52
1943	40,205	1,508	70
1944	39,570	890	56
1945	41,577	896	90
1946	44,654	1,393	69
1947	51,589	1,777	104
1948	62,366	2,226	118
1949	67,280	2,578	96
1950	74,415	2,956	103
1951	83,023	3,422	122

NOVA SCOTIA

1951 Surfaced Roads: 8,123 miles—
an increase of 1,758 miles since 1941.

Year	Vehicles	Accidents	Deaths
1942	58,872	1,874	72
1943	59,194	1,344	90
1944	57,933	1,501	73
1945	56,699	1,703	76
1946	62,660	2,123	84
1947	70,300	2,278	83
1948	76,319	2,780	96
1949	83,443	3,387	102
1950	94,743	5,682	94
1951	105,262	7,149	103

PRINCE EDWARD ISLAND

1951 Surfaced Roads: 1,791 miles—
an increase of 1,352 miles since 1941.

Year	Vehicles	Accidents	Deaths
1942	7,537	129	8
1943	8,032	134	5
1944	8,412	220	11
1945	8,835	197	8
1946	9,192	374	4
1947	9,948	390	15
1948	11,290	226	15
1949	13,211	226	11
1950	15,383	399	7
1951	16,896	951	20

NEWFOUNDLAND

Surfaced Highways 1951: 1,921 miles.

Year	Vehicles	Accidents	Deaths
1949	13,981	710	No record
1950	16,375	1,126	18
1951	20,058	1,488	26

THE SENATE

Tuesday, December 8, 1953

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

ELECTIONS BILL

FIRST READING

A message was received from the House of Commons with Bill 5, an Act respecting the use of election material for by-elections and Northwest Territories elections.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Ross Macdonald: With leave, next sitting.

NATIONAL RAILWAYS AUDITORS BILL

FIRST READING

A message was received from the House of Commons with Bill 9, an Act respecting the appointment of auditors for National Railways.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Ross Macdonald: With leave, next sitting.

PIPE LINES BILL

FIRST READING

A message was received from the House of Commons with Bill 10, an Act to amend the Pipe Lines Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Ross Macdonald: With leave, at the next sitting.

PRIVATE BILL

VICTORIAN ORDER OF NURSES—
FIRST READING

Hon. Mr. Paterson presented Bill M-2, an Act respecting Victorian Order of Nurses for Canada.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Paterson: Thursday next.

EMERGENCY SITTINGS

AUTHORITY TO CONVENE SENATE DURING ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, with leave, I move:

That for the duration of the present session of parliament should an emergency arise during any adjournment of the Senate, which would in the opinion of the Honourable the Speaker warrant that the Senate meet prior to the time set forth in the motion for such adjournment, the Honourable the Speaker be authorized to notify honourable senators at their addresses registered with the Clerk of the Senate to meet at a time earlier than that set out in the motion for such adjournment, and non-receipt by any one or more honourable senators of such call shall not have any effect upon the sufficiency and validity thereof.

The motion was agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, December 3, consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mrs. Jodoin for an address in reply thereto.

Hon. Charles G. Hawkins: Honourable senators, I wish to congratulate you, Mr. Speaker, upon your appointment to the high office which you now occupy. Your record in this chamber, together with your contribution to public service, both in your native province and in the federal field, assures this house that your duties here will be discharged with dignity and efficiency in the best tradition of your distinguished office.

I wish to congratulate the honourable senator from Brantford (Hon. Mr. Macdonald) on his appointment to this house. It must be very gratifying to him after his long years of service in the other place that his record and work were recognized by the Prime Minister, as evidenced by selecting him as Government Leader of this chamber. Like those who have already done so, I hasten to assure him of my support and co-operation in the discharge of his important duties.

I wish to congratulate and welcome the recently appointed senators, who I am sure will find satisfaction and happiness in this field of endeavour and service to their native land.

We have all been very sorry to hear of the accident to the genial Leader of the Opposition (Hon. Mr. Haig), and I wish, through the acting Leader (Hon. Mr. Aseltine), to convey to the honourable senator our best wishes for a speedy recovery and an early return to his duties here.

I wish also to congratulate the mover (Hon. Mrs. Jodoin) and the seconder (Hon. Mrs.

Fergusson) of the Address in reply to the Speech from the Throne. I am sure that it will be very satisfying to the women of Canada that two of their number should have been honoured with this assignment, which they discharged with great distinction, both to themselves and to this house. The remarks of the seconder of the address were of particular interest to me. She dealt at great length with the natural resources of New Brunswick. She recounted the industrial development which was taking place in the northern areas. She extolled the numerous tourist attractions and natural grandeur of her native province. She dealt at some length with the development which has already taken place there, and her hopes for its future. I was, however, disappointed in one aspect of this splendid address. She omitted the most important feature of New Brunswick's good fortune, that it enjoys the singularly good distinction of adjoining Nova Scotia.

Some Hon. Senators: Hear, Hear.

Hon. Mr. Hawkins: Most honourable senators who have spoken earlier in this debate have discussed the problems of those parts of Canada from which they come, and today I propose to confine my brief remarks to the conditions affecting my own province.

The record of recent years has shown that we have not generally participated to the same degree in the economic progress of this country as have some other parts of Canada. While there are possibly several reasons for this, in my opinion the most important ones are our geographical location and the nation's policy in regard to trade.

Our products of the farm, forest and sea are similar to those produced in or near all the large consuming areas of Canada; which, of course, brings us into direct competition with the producers supplying those markets. The great distance from those large central markets involves for our producers the handicap of costly land transportation over long distances. This handicap results in a much lower return to our producers and workmen, and a greatly reduced return compared with that received by producers living nearer to or within the areas of greater industrial production and concentrated population.

I wish to make clear, however, my feeling that our inclusion in this great nation has brought to us many advantages, both material and cultural, not forgetting the magnificent social benefits we receive from the federal government in such progressive legislation as old age pensions, unemployment insurance, family allowances, health grants and others. All these have assisted very materially in improving our standard of living.

The Maritime Freight Rates Act has given a measure of relief from the disability arising out of our geographical location; and while we are grateful for the legislation, it in no way compensates us for our handicap of isolation from those markets.

Mr. Donald Gordon, President of the Canadian National Railways, speaking at the annual dinner of the Bankers' Club of Detroit on November 18 of this year, said that the C.N.R. are moving the nation's products at a level of freight rates which is among the lowest in the world. While this came as a surprise to me, and I am sure to many others of the railway's clients, I still think a great deal can be done to reduce our railways' costs. However, it would seem to me that even if we get a reduction in rates, to which I believe we are entitled, the relief will in no way compensate us for the disadvantages of our geographical location in regard to Canadian markets.

Our traditional markets have been to a large degree foreign, and prior to Confederation our position on a *per capita* basis was that we ranked as one of the wealthiest of the original members in that group. I submit that this satisfactory position was largely the result of our participation in water-borne world commerce. However, the present administration has made, and is making, valiant efforts to correct this situation, and compensate for the loss of water-borne trade, but some of us are concerned in case their efforts shall fail, either as a result of economic isolationism abroad or from pressure within Canada itself.

Mr. Abbott, Minister of Finance, speaking to the Academy of Political Science at New York on November 5 last, and discussing the progress made in the political and military spheres under the auspices of the North Atlantic Treaty Organization, said in part:

> Frankly, however, we in Canada are generally concerned about the thin and brittle economic basis on which this political and military co-operation has been built. We are convinced that the political and military security of the free world must have a more solid economic basis, and I am enough of an economic determinist to believe that if the economic base cracks again it will be extremely difficult to maintain the measure of political understanding and military co-operation which now exists. We are, therefore, strong advocates of moving as rapidly as possible to the highest practical level of free and fair trade on the multilateral basis. We know all the difficulties and complexities of moving in this direction, and we realize the ineffectuality of a step by step process, but

would like to see some bolder steps being taken and we would like to see a smaller time interval between steps.

I wish to say that I am in hearty agreement with Mr. Abbott's statement. Dependent as Canada is on world trade, I believe too that in our best interest the promotion of freer world trade is essential to the promotion of international peace. To be a little more specific, I will draw your attention to one of our commodities, namely, lumber, as I have been engaged in every phase of its production and marketing throughout my adult life.

The importance of this industry to our economic life was illustrated during the course of an investigation held some years ago in connection with our industrial activities. At that time it was shown that our forest products activities consumed more man-days of labour than coal mining; and as you know our mines were, and are, one of our very important sources of wealth. Further, any decline in forest products is more widely felt than is a like decline in any other activity in our province, as the industry is more widespread generally over the whole area.

Just at the moment production is at a very low ebb, and pockets of unemployment are developing, especially in the rural areas where woodwork is complementary to farming and fishing. Our export of lumber to the sterling areas has very largely dried up. The main reason for this is the lack of convertibility of sterling at a rate which will cover the cost of production, to say nothing of showing a profit. There is still a very substantial demand, particularly in the United Kingdom and Ireland, for the products of our forests, and this market at the present time is being largely supplied by our competitors in northern Europe who, as you know, are in the sterling trading area and receive much more favourable exchange rates than we realize. There has been a great deal of discussion in regard to the convertibility of sterling, and what is not generally realized is that, in spite of its present limitations, a larger part of world trade is conducted in sterling than in any other currency. It embraces all members of the commonwealth (except Canada), the United Kingdom, the Crown colonies, the Republic of Eire and a number of other countries. Its sphere of importance is not restricted to the commonwealth and the empire. Many other countries of the free world lie within the sterling bloc, and without some system of convertiblity this country must be denied the markets for the goods which lie undeveloped in our great storehouse of natural wealth in Canada.

Our future must, therefore, depend on the promotion of freer trade policies. If a marked improvement cannot be shown in the removal of present restrictions, and a freer exchange of world currencies, it must necessarily follow that in spite of military alliances, in spite of peace overtures and agreements, in spite of all the good will which may exist among the nations of the free world, the unity of this great bloc will be in imminent peril. It is, of course, impossible to blame the government for the imbalance of trade and the present inconvertibility of currency. Freer trade is a goal which can be reached only by common consent of trading nations. Little can be accomplished by decrying the tariff policies of this country or that. We must trade, or try to trade, with every country whenever and wherever possible.

Much has been said by government critics about our trade position with the United States, chiefly to the effect that we should not be confining ourselves to such an extent to one particular outlet. Much loose talk may also be heard by those who would champion preferential trade within the commonwealth, to the exclusion of other countries. It would be a calamity for our national interests if the government of this or any other country were forced to impose sweeping restrictions and controls and return to a restrictionist type of trade. Intervention with freedom of trade, and the restoration of tariffs, might prove the end of an economic system in which the central feature is the freest possible market-place.

In my opinion, the only remedy by which to revive our trade with our overseas customers is in buying more of their goods, thereby furnishing them with more dollars to buy our products. And, further, until this is accomplished I am afraid we will find it very difficult for my province to compete in European markets and at the same time maintain for our workers the standard of living enjoyed in other parts of Canada.

What I wish particularly to draw to the attention of the Government is that we shall be very unlikely to increase our purchases outside Canada if we place further impediments and restrictions in the way of our imports. Somewhere in Europe people need Nova Scotia apples and fish, while we need their manufactured goods; somewhere in the free countries of Asia thousands of people need our surplus wheat, while we need their rubber, tea and other exports.

Surely, surely, the wisdom and genius which prescribed military co-operation between free nations of the world can now meet this new threat by suggesting a system of economic collaboration. Common consent among governments is, of course, one of the fundamental steps toward this goal. Are the rules of international trade so rigid, so hidebound, that to alter them by common consent would cause the system to collapse?

Doubtless there are in each of those countries certain groups which will oppose the change toward freer trade as vigorously as, or even more vigorously than, they opposed the increase of armaments. I believe, however, that these impediments can be overcome, that the spirit which welded us together in the military field, will similarly prevail in the economic field. I believe too that Canada, with her favoured economic position, her great natural wealth, her industrial capacity, and her men of vision, can meet this challenge and indeed give leadership in establishing new rules of freer international trade.

I am sure that anyone who listened this afternoon to the powerful address by the President of the United States to the General Assembly of the United Nations could not help but be impressed by the urgency of the moment and the necessity of turning from armaments toward peaceful objectives.

In that call to all men of good will, in whatever corner of the globe they may be, he emphasized the utter futility of the arms race and the need not only of diverting these new forces toward peaceful ends but also toward raising the standard of living in undeveloped areas of the world.

While military strength has an important role in maintaining the freedoms which we have gained and cherish, it is on the economic front, and on that alone, that the future harmony and peace of the world now depend.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Turgeon, the debate was adjourned.

ONTARIO-MANITOBA BOUNDARY BILL

SECOND READING

Hon. Mr. Macdonald moved the second reading of Bill B, an Act respecting the boundary between the provinces of Ontario and Manitoba.

He said: Honourable senators, before discussing this bill, which, as the title suggests, is to establish the boundary between Ontario and Manitoba, you may be interested in hearing something with respect to what has taken place in days gone by, between these provinces respecting the boundary.

The British North America Act, 1871, provides that—

> The Parliament of Canada may from time to time, with the consent of the legislature of any province of the said Dominion, increase, diminish or otherwise alter the limits of such province, upon such terms and conditions as may be agreed to by the said legislature . . .

During 1897 and 1898 a boundary commission, comprising one representative of the province of Ontario and one of the Dominion of Canada—the province of Manitoba having declined to take part in the limitation of the boundary—surveyed and marked on the ground the boundary line between Ontario and Manitoba from the north-west angle of the Lake of the Woods to the Winnipeg river. Officials of the Department of Justice expressed the opinion at that time that the boundary line could be established only by legislation; that if the Legislatures of Ontario and Manitoba consented the Parliament of Canada could, by virtue of the provisions of the British North America Act, 1871, pass an act declaring that line to be the boundary between the two provinces. The provinces of Ontario and Manitoba were invited to accept the boundary as surveyed. Ontario accepted the invitation and passed the required provincial legislation, but Manitoba declined.

In 1912 the boundaries of Ontario were extended north to the 12th base line and then north-east to a point where the 89th meridian intersects the shore of Hudson Bay. Similarly, the eastern boundary of Manitoba, which had been established from the north-west angle of the Lake of the Woods to the 12th base line, was extended to the point where the 89th meridian intersects the shore of Hudson Bay.

In 1921 Ontario and Manitoba were invited by the federal government to join in the survey of the extended boundary. Honourable senators will recall that this extended boundary line was put into effect but was not agreed upon by the two provinces. Manitoba again declined. Canada and the province of Ontario each appointed a representative, and a survey from the Winnipeg river to the 12th base line was completed during 1921 and 1922 in accordance with the descriptions contained in the Ontario-Manitoba Boundaries Extension Act.

In 1929 both provinces passed acts of consent that the boundary as surveyed and marked on the ground from the north-west angle of the Lake of the Woods to the 12th Base Line, by the two commissions above referred to, be accepted as the boundary between the two provinces. Honourable senators will note that that line is not the whole boundary between the two provinces. However, the Parliament of Canada did not pass any legislation to confirm that part of the

boundary which Manitoba and Ontario had agreed upon. From the 12th base line to the eastern end of Island Lake and thence to the shores of Hudson Bay, the boundary was later surveyed and marked on the ground by commissions upon which the two provinces and Canada were represented. However, up to that time the provinces had not passed any legislation with respect to the extended boundary line. In 1950 the federal parliament passed legislation amending the Manitoba Boundaries Extension Act, 1912, and the Ontario Boundaries Extension Act, 1912, to incorporate certain changes affecting this part of the boundary. The legislatures of the two provinces had already passed acts consenting to the changes in that part of the boundary. There has been considerable mining and other activity recently along the boundary line between Ontario and Manitoba, and honourable senators will appreciate the problems that arise through mining claims being staked in this area in such proximity to this boundary that prospectors and miners cannot determine in which of the two provinces their claims have been staked.

Honourable senators, the purpose of the bill before us is to establish an unalterable boundary line between the two provinces. In order to do this it is necessary that both the provinces and the dominion should pass legislation to that effect. Commissioners were appointed by Ontario and Manitoba and the dominion to establish this line along the full extent of the boundary between the two provinces. This line has now been completely surveyed and marked on the ground by monuments of a permanent nature. Ontario and Manitoba have requested that the boundary line so surveyed and marked should now be confirmed as the true and unalterable boundary between the two provinces, and the legislatures of these provinces have passed acts to that effect. The bill now being presented for second reading will, if it becomes law, give effect to the request of the provinces of Ontario and Manitoba.

I do not think I need say more in support of this measure. In view of the fact that both Manitoba and Ontario desire this legislation I doubt whether it is necessary to refer the bill to committee, but I shall leave that matter in the hands of honourable senators.

Hon. Mr. Paterson: If this bill is passed will Manitoba and Ontario each have an ocean port or the possibility of having one?

Hon. Mr. Macdonald: I have a sketch before me which shows that each of these provinces has a portion of the shore on Hudson Bay.

Hon. W. M. Aseltine: Honourable senators, I am sure we all appreciate the clear explanation that the Leader of the Government (Hon. Mr. Macdonald) has just given. I am not from the province of Manitoba, though I lived there at one time. I regret that the Leader of the Opposition (Hon. Mr. Haig) is not here, for I am sure he would have some interesting remarks to make about this bill. However, there may be some members from Manitoba who will speak on it. In 1910 I made a canoe trip, starting from Minaki, Ontario—it was called The Crossing in those days—and travelling all along this boundary line down the Winnipeg river, into Manitoba and beyond the English river as far as Lac du Bonnet and the Pinawa channel, where the Winnipeg Electric Company has its hydro plant. So I know something about the difficulties involved in staking out that whole boundary, which runs for hundreds and hundreds of miles. Incidentally, the Winnipeg is a mighty river and is very wide in some places. In fact, it took us a day or two to find where the river flowed into the lake.

There are one or two points upon which I should like to be informed, and perhaps the Leader of the Government could give me the information now. I should like to know whether the boundary line runs down the centre of the Winnipeg river or along its east or west bank. Also I should like to know who owns or controls the hydro-electric sites in that area. I recall that on our canoe trip we passed many sites which, if developed, would produce a great deal of electric power. I should like to know whether these sites are shared by the provinces of Manitoba and Ontario, and just exactly how these matters are settled between the two provinces.

I have nothing further to say at this time, and while I do not know that it is necessary to send the bill to committee I would be prepared to attend and discuss it there.

Hon. Mr. Macdonald: I have no information with respect to the line along the Winnipeg river, other than what is set forth in the schedule attached to the bill.

Hon. Mr. Aseltine: I read that section but found it difficult to follow. I am sure that a surveyor could do a better job than a lawyer.

Hon. Mr. MacDonald: I agree. As a lawyer, I should say that the boundary runs along the centre line of the river, but I should not like to give a definite opinion on it. As to the question raised by my honourable friend about the hydro sites, there is no information before me at this time. May I emphasize, however, that this boundary line has been agreed upon by the two provinces, and if

there had been any difference of opinion between those provinces I do not think they would have agreed as they have done.

Hon. Mr. Barbour: In other words, they are satisfied?

Hon. Mr. Macdonald: Yes, the two provinces are satisfied. And, as already pointed out, both provinces have passed legislation setting forth the boundary as described in the schedule to this bill.

Hon. Mr. Paterson: Mr. Speaker, I should like this matter to go to committee, because it affects my territory considerably. There is much information that might be valuable, in the light of the future of that whole district, especially with regard to ocean ports. If it would not be inconvenient to the house I should like to have the bill sent to committee, so that we may find out just where the boundary line runs.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Macdonald: Honourable senators, I move that the bill be referred to either the Committee on Transport and Communications or the Committee on Banking and Commerce. The honourable senator from Ottawa (Hon. Mr. Lambert) has informed me that a meeting of the Committee on Banking and Commerce has been called for tomorrow; but no meeting of the other committee has yet been called. However, I leave it to honourable senators to determine to which committee the bill should be referred.

Hon. Mr. Aseltine: The Banking and Commerce committee and the Transport and Communications committee are composed of practically the same members, anyway.

Hon. Mr. Macdonald: Then I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

EXPLOSIVES BILL

SECOND READING

Hon. Mr. Macdonald moved the second reading of Bill C, an Act to amend the Explosives Act.

He said: Honourable senators may be interested in some of the background and purposes for which this legislation was originally enacted.

This act was first introduced in the Parliament of Canada in 1911, under the Laurier Government, but did not pass through all its stages before the government went out of office.

It was introduced by the Borden Government in 1914 and was passed, but proclamation of the act was delayed on account of the war until 1920. Based on the British act of 1875, which was also the basis for the Explosive Acts of countries such as South Africa, New Zealand, Belgium and others, the purpose of the legislation was purely to provide a measure for public safety in order to control the use of explosives.

The Explosives Act of 1914 continued in operation until 1946, when it was revised because of post-war conditions. During the course of World War II, under the War Measures Act, a certain number of regulations were made for obvious reasons in order to achieve a closer control over explosives. The post-war revisions consisted of minor amendments to correct certain administrative changes in the department, introduction of means of transportation not already included in the act, and to incorporate some of the regulations under the War Measures Act which it was thought advisable to retain.

During the thirty-three years in which the act has been in force it has proved of value as a public safeguard. Honourable members will appreciate that in the post-war period of expansion wide-spread use was made of various types of explosives. As a result of this act the quality and uniformity of explosives marketed in Canada have greatly improved. And although the use of explosives marketed in Canada has quadrupled since the act was first passed, the number of accidents has shown a steady decline, owing to the control exercised by inspectors of explosives under this legislation.

However, a number of amendments are necessary. One of the chief amendments is to make clear that the act is applicable to the crown in addition to subjects of the crown charged with the use or control of explosives. Probably I can make that clear by saying that people employed by a government would come within the provisions of the amended act. Up to the present time it has been held that the crown was not liable under the provisions of the act. An exception is made, of course, in the case of explosives under the control of the Minister of National Defence.

Other amendments include broadening of the definition of factories to include land adjacent to the site on which the manufacture of explosives is carried on. The terms of licenses under the act are dealt with, as well as certain regulatory measures for the importation and manufacture of this commodity in such manner as not to endanger security.

An amendment to section 5, which concerns the importation of small arms ammunition, makes them subject to the usual restrictions.

Some concern, however, was expressed for the freedom of tourists from the United States coming to this country to bring their own hunting equipment if they were required to obtain a permit before crossing the border. It is now clear, however, that by regulations under the Act, United States hunters will be excepted from the necessity of obtaining a permit to bring in certain prescribed quantities of small arms ammunition for these purposes.

Further amendments deal with appeals to the minister in the event of an unsatisfactory directive or order by an inspector, the inspection of magazines, the authority of police officers to make arrests under the Explosives Act and the authority of the minister to order the destruction of explosives which appear to be abandoned or in a position to be dangerous to persons or property.

The bill contains a number of clauses. I feel sure that honourable senators will desire further information, and it has been suggested that the measure be referred to the Banking and Commerce Committee. If it is the wish of honourable senators, after the bill has received second reading, I would be pleased to move that it be referred to that committee.

Hon. W. M. Aseltine: Honourable senators, with the principle of this bill I think that we have no complaint. It is apparently a necessary measure. On first reading it I was wondering just how friends of mine who come from the United States every season to hunt big game would be able to bring their ammunition into Canada, but the Leader of the Government (Hon. Mr. Macdonald) has explained that the regulations which will be issued under subsection 1 of section 5 of the act will prevent any difficulty in that respect.

I am a little bothered about one of the other provisions, however. The bill amends section 24 of the act in such a way as to give police officers—they are called "peace officers" in the section—power to arrest without a warrant. I think in the act as it now stands there is some confusion as to just what is meant by a peace officer. I believe it was contended that he must be a federal peace officer; but according to the new section any peace officer—whether a provincial or a federal officer, I presume—will be empowered to arrest without a warrant. In general, I certainly am not in favour of authorizing the making of arrests without a warrant, but it seems that in a case like this it might be necessary.

Then it seems to me that the new section 28 of the act gives too much power to the minister. Under the present act, powers conferred upon the minister could be delegated by the Governor in Council to some other authority, but the amended section would enable the minister to delegate his authority to anyone without any intervention by the Governor in Council. I would like to have that further explained, as well as some other matters, and I agree with the suggestion of the leader that it would be well to refer the bill to the Banking and Commerce Committee.

Hon. Mr. Reid: Honourable senators, I wish to ask one or two questions about this bill. Why is it that every hunter coming into the country is able to get a licence to import ammunition, when he can buy all the ammunition that he needs in this country without a licence? A person can go to any hardware store in Canada and buy all the bullets that he needs for his guns, twenty-two calibre or any other calibre.

An Hon. Senator: Americans cannot always get the exact kind of ammunition they want, though.

Hon. Mr. Reid: They may not always be able to get just the same kind of ammunition, but what I am concerned about is protection for the public. Secondly, I am a little perturbed over a proposed amendment which would give a peace officer power to arrest without a warrant. The amended section 25 of the act would read:

> Any person employed under this act who without due authority from the minister discloses any confidential information is guilty of an offence . . .

and is liable to be arrested without a warrant.

Now, I think that is going pretty far, because under the proposed amendment to section 24 (2):

> Any peace officer may without warrant arrest any person whom he finds committing or whom he on reasonable ground suspects of having committed an offence against this act.

I also point out that one of the offences under the act is the non-disclosure of information or the giving of false information. Suppose an inspector came to my place, where I have a magazine for powder—as I have had for many long years—and asked me, "How many cases of powder have you?" and I said, in an off-hand way "Oh, about twenty-five". Then if he examined the magazine and found, perhaps, fifty cases, I would be liable to arrest by him without a warrant. I maintain that this is carrying legislation and police power pretty far.

Until I get a better explanation in committee, I certainly will have to oppose those two provisions.

Hon. Gordon B. Isnor: Honourable senators, I am not greatly concerned about the broadening of the factory provisions of this

act, but I am concerned about the transportation of explosives. I bring up that angle because of the explosion which took place in the port of Halifax thirty-six years ago—on December 6, 1917—when some seventeen hundred persons lost their lives through an explosion resulting from the collision of two ships in the harbour. I am wondering whether there is any provision in this bill in regard to transportation, or whether it simply enlarges upon the definition of the place where explosives manufacturing is carried on. Perhaps the Leader of the Government (Hon. Mr. Macdonald) could enlighten us in that respect.

There is another angle with which I am concerned. As I understood the leader, the bill would exempt the Department of National Defence from the provisions of the act. I feel there should be some control by the minister over all officials handling explosives, particularly in an area such as the port of Halifax, which is quite thickly populated in the district where the magazines are located. Perhaps the leader could give us further information on this point also.

Hon. Mr. Macdonald: The acting Leader of the Opposition (Hon. Mr. Aseltine) and the honourable senator from New Westminster (Hon. Mr. Reid) raised the question of hunters coming into the country from the United States. In reply I would say that under the regulations authorized by this measure there will be no difficulty in that respect. There is no doubt that Americans will be permitted to bring in ammunition for hunting.

Objections raised by the acting Leader of the Opposition and the honourable senator from New Westminster with respect to power to make an arrest without a warrant raise a very important question and also a very difficult one. Honourable senators can see that at times it may be very necessary to make an arrest without a warrant. I need not describe a circumstance in which it would be absolutely essential that an arrest be made forthwith. While I agree that we might wish that the section were not necessary to the act, my feeling is that if the act is to be enforceable the section is necessary.

Hon. Mr. Aseltine: Our objection is that the power might be abused.

Hon. Mr. Macdonald: That is true, it might be subject to abuse; on the other hand, if the section were not in the act many people might run the risk of great personal danger and destruction of property.

Hon. Mr. Reid: The power to arrest would apply to any infraction under the act.

Hon. Mr. Macdonald: That is correct; but, it is hard to say for what offence an arrest is necessary, and for what offence it is not. I doubt if it would be possible to cover that point with an amendment which would be satisfactory to the house. The question, honourable senators, can of course be pursued when the bill is considered in committee, and indeed I hope it will be further discussed at that time.

The honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) asked whether the act when amended will regulate the transportation of explosives. My answer is in the affirmative; in any event, the act would regulate the importation of explosives into the country and their storage here. I would suggest that my honourable friend raise the question again when the bill is before the committee.

Honourable senators, I think I have answered all the questions asked, and I leave the motion for the second reading of the bill to the consideration of the house.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

REFERRED TO COMMITTEE

Hon. Mr. Macdonald: Honourable senators, with leave I now move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

TELEGRAPHS BILL

SECOND READING

Hon. Mr. Macdonald moved the second reading of Bill S, an Act to amend the Telegraphs Act.

He said: Honourable senators, when Newfoundland united with Canada, in 1949, certain cable companies which were doing business on the island and in Canada and other countries operated the telegraph and cable lines which connected Newfoundland with the other parts of the world. The purpose of the bill now before us is, I think, fully set forth in the explanatory note, which reads as follows:

> The purpose of this bill is to empower the Governor in Council to apply Part III of the Telegraphs Act relating to marine electric telegraph companies to any company which, prior to April 1st, 1949, was authorized under the laws of Newfoundland to construct or maintain in Newfoundland waters submarine cables extending beyond the limits of Newfoundland.

Hon. Mr. Reid: May I ask the honourable leader if the province of Newfoundland has had power to build cables extending from Newfoundland to other countries?

Hon. Mr. Macdonald: When this bill is passed, it will be necessary for the federal government to approve of such lines.

Hon. Mr. Aseltine: This bill covers the lines in existence at the time of the union with Newfoundland.

Hon. Mr. Macdonald: As the honourable acting Leader of the Opposition has said, the bill covers the lines in existence at the time of the union. It will also cover future lines.

Some Hon. Senators: Question!

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Aseltine: Now.

Hon. Mr. Macdonald: Honourable senators, with leave of the Senate, I move that this bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, December 9, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

ONTARIO-MANITOBA BOUNDARY BILL

REPORT OF COMMITTEE

Hon. Mr. Beauregard, acting Chairman, presented the report of the Standing Committee on Banking and Commerce on Bill B.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce to whom was referred the bill B, intituled: "An Act respecting the boundary between the provinces of Ontario and Manitoba", have in obedience to the order of reference of December 8, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Honourable senators, with leave I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

EXPLOSIVES BILL

REPORT OF COMMITTEE

Hon. Elie Beauregard, Acting Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill C, intituled: "An Act to amend the Explosives Act", have in obedience to the order of reference of December 8, 1953, examined the said bill and now beg leave to report the same with the following amendment:

1. Page 1, lines 15 to 19: Delete lines 15 to 19 and substitute the following:

"3. (1) This Act does not apply to or in respect of any explosive under the direction or control of the Minister of National Defence.

(2) Subject to subsection (1), Her Majesty in right of Canada and each province is bound by this Act.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Macdonald: With leave, I move the report be concurred in now.

Hon. Gordon C. Isnor: Honourable senators, I had hoped that these amendments could be stood over until the next sitting. I am particularly interested in the first amendment, which exempts explosives under control of the Department of National Defence from the provisions of the act. I brought it to the attention of honourable members yesterday that in Halifax we have a situation which is causing us great concern, for very large quantities of explosives are handled there by the Department of National Defence. I am anxious to be satisfied that the answer given by the leader of the government yesterday was correct when, as I understood him, he stated that this first amendment did not apply to the transportation of explosives by that department. I feel that the amendment now brought in places us once again in a very serious position, which is a worry to the people of Halifax, because we are not sure that proper protection is exercised by defence department officials in the transporting of explosives in and around Halifax Harbour, particularly explosives that are imported and carried to the magazines. If they have not the proper protection from the navy we are naturally very much concerned. I would like the chairman of the committee or the leader of the government to clarify the position so that the people of Halifax will be satisfied and have no need to worry about this matter.

The Hon. the Speaker: As there is not unanimous consent of the house for consideration of the report today, consideration will have to stand until tomorrow.

Hon. Mr. Macdonald: Honourable senators, in view of the remarks of the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor), I think that whether or not the rules provide for it, consideration of the report should be put over until tomorrow.

Hon. Mr. Beauregard: Honourable senators, may I say a word? The amendment as it reads now was suggested by the Department of National Defence itself. Departmental officials showed to the satisfaction of the committee that it was impossible for the department to carry out its obligations and at the same time be under the general law.

Hon. Mr. Macdonald: Honourable senators, I would ask that consideration of the report be postponed until tomorrow.

Some Hon. Senators: Tomorrow.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Aseltine, Acting Chairman of the Standing Committee on Divorce, presented

the committee's reports numbers 68 to 130, both inclusive, dealing with petitions for divorce.

The Hon. the Speaker: Honourable senators, when shall these reports be taken into consideration?

Hon. Mr. Aseltine: Tomorrow.

BUSINESS OF THE SENATE

SITTINGS BEFORE CHRISTMAS RECESS

On the orders of the day:

Hon. Mr. Macdonald: Honourable senators, I should like to be in a position to give the house some information with respect to the sittings of the house between now and the Christmas vacation. Honourable members will realize, however, that it is difficult for me to do so. I am informed that further legislation will come over from the other place, but just when it will come I do not know. It may be necessary for the house to sit on Thursday and Friday of this week and possibly during the first part of the following week. However, this will depend largely on the progress that is made in the other place. When I have any definite information I shall let the house know.

Hon. Mr. Crerar: May I ask the honourable leader if the other house intends to adjourn on the 18th, or does he know when it will adjourn?

Hon. Mr. Macdonald: I understand that the Prime Minister made a statement in the other place a few days ago to the effect that he expected the Commons would adjourn on either the 17th or the 18th. I have no information beyond that.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor-General's speech at the opening of the session and the motion of Hon. Mrs. Jodoin for an address in reply thereto.

Hon. J. Gray Turgeon: Honourable senators, as has been the custom of many senators when rising to participate in this debate, I wish first of all to express my very deep regret at the absence, through an accident, of the honourable leader of the Conservative party in this house (Hon. Mr. Haig). I am sure that when the acting leader (Hon. Mr. Aseltine) is on his way home for the Christmas recess he will express to the honourable senator the deep regret of every member of this chamber at the misfortune that has befallen him.

Mr. Speaker, I wish, sir, to address a word to you. We who served with you when you were leader of the government in this house are proud that you are today our Speaker.

It would be difficult indeed for me to say how pleased I am by the appointment of the honourable senator from Brantford (Hon. Mr. Macdonald) as Leader of the Government in the Senate. The experience he gained first as a private member of the House of Commons and afterwards as Speaker of that house, will be of great benefit to him in his leadership of this body.

Some Hon. Senators: Hear, hear.

Hon. Mr. Turgeon: Naturally, I should like to say a word of greeting to all our new members. I trust that my remarks will not be upsetting to those of my own sex when I say that my warmest greetings go to the three new lady members.

Some Hon. Members: Hear, hear.

Hon. Mr. Turgeon: I am proud of all three of them. Perhaps I may be permitted to say that I bear some relationship to each of them: My father was born in the province represented by the honourable lady senator from Sorel (Hon. Mrs. Jodoin) who moved the Address in reply to the Speech from the Throne; my mother, my wife and I were born in New Brunswick, from which comes the honourable seconder (Hon. Mrs. Fergusson); and I represent in this chamber the province of British Columbia, as does the new lady senator from Victoria (Hon. Mrs. Hodges). I should like to say a few words with particular respect to the honourable senator from Victoria. She has not only done a great deal of beneficial work in a political way, but has devoted herself wholeheartedly to the general development and public good in the province of British Columbia.

Honourable senators, I now have to inflict upon you my contribution to this debate, in which one is free to discuss almost any subject. I have chosen to speak to you on two subjects: First, the application of the Canadian Pacific Airlines for permission to carry air cargo from, roughly speaking, Montreal and Toronto to Vancouver, and the refusal by the government to allow the application; and second, the action of the Prime Minister and his cabinet in setting up a new department designed particularly to deal with not only the problems but also the development of the natural resources of the northern part of Canada.

I shall deal later with this second subject, but may I now say that during the years I

was a member of the other house I represented Cariboo, which then extended southerly to a point just outside the city of Vancouver and northerly to the boundary of the Yukon Territory and the Northwest Territories.

In this matter of the Canadian Pacific Airlines I am going to make two remarks which are not, though they may appear to be, utterly inconsistent. The first is that I was, and am, strongly in favour of the granting of the application of Canadian Pacific Airlines for this all-cargo charter. Later I shall explain why. In the second place I wish to refute—if I may use that word without any implication of hostility—statements critical of the government's action which have been heard from many parts of Canada; and not only expressions of disagreement—that is another matter—but to the effect that the government was interfering where it had no warrant or authorization to intervene. That is not the case. I do not have to tell honourable members that, by virtue of the Aeronautics Act—legislation passed by this parliament—not only had the government the right to accept or reject the application, but the absolute responsibility of taking action rested upon them, and there was no way in which that responsibility could have been avoided even had the government desired to avoid it. It has also been said that the cabinet rejected the recommendation of the Air Transport Board. That is not in accordance with the facts, as set out in the order in council passed by the government, and the report made to the Governor in Council by the Air Transport Board, which I am not going to take time to read.

Let me now briefly explain why I favour the application of Canadian Pacific Airlines and sincerely hope that before very long the application will be renewed and approved by the Governor in Council. Two things should be remembered. First, in the order in council this paragraph appears:

> The Committee—

That is, the Governor in Council.

> —note in the report of the Air Transport Board that "the application by Canadian Pacific Airlines would involve a major change in policy, and they are of opinion that such a major change would not be in the public interest at this time.

That is, the Committee, or the Governor in Council, are of the opinion that "such a major change would not be in the public interest at this time".

The concluding part of the order in council reads:

> The Committee, therefore, advise that the Air Transport Board be informed that the Governor in Council is not of opinion at this time that it would be in the public interest that the licence applied for by Canadian Pacific Airlines to operate the said air service be issued.

Honourable senators, I think the time will come when the Governor in Council will feel it is proper to grant the application. I should now like to quote from that part of the report of the Air Transport Board which deals with the briefs presented to it by the two parties involved, the Canadian Pacific Airlines, the applicant, and the Trans-Canada Air Lines.

> Because of the utilization which it believed it could achieve for all-cargo aircraft on the proposed trans-continental route, C.P.A. stated that it could provide better and cheaper all-cargo air service to the north and northwest of this route, that is the Yukon, Northwest Territories and northern portions of the western provinces where due to lack of transportation facilities and the tremendous development which is taking place, all-cargo air service is of vital importance; and stated that it had selected the route to Edmonton and The Pas because of the particular need for air cargo services in these northern areas. This need, when linked to a scheduled all-cargo trans-continental service, would result in fast and efficient connections between the industrial centres and the development being undertaken in the North. Without the transcontinental cargo route not enough utilization for large cargo aircraft could be achieved on northern routes alone to justify any material change in rates but if the trans-continental route were granted C.P.A. would be able to and would undertake to make substantial reductions in cargo rates to the northwest.

Honourable senators, I am in complete agreement with this part of the brief presented by the C.P.A.

I should like to pay tribute now to some of the bush pilots who played leading roles in the early industrial development and air service of our northern country. Now and then the pilots were awarded contracts to carry mail, but these were insufficient to cover operating costs. These men pioneered air mail services in the far northern parts of Alberta and the Northwest Territories as far back as 1929. The first air mail service in British Columbia, from Fort St. John to Fort Nelson, began in 1936, and I shall have something to say about this later on. The honourable gentleman from Churchill (Hon. Mr. Crerar) is probably better informed than any other person in this house about the early development of the Northwest, and he likely knows of the men I have in mind as well as I do, even though many of them were from my constituency. I am thinking of the late "Wop" May who served Canada in the first World War, and later performed great services for Alberta and British Columbia. Then there is Don McLaren, who also served his country with great renown in the Air Force during the first World War. Mr. McLaren has been with Trans-Canada Air Lines for years and has been very helpful

in the great work done by that company since its inception. I am also thinking of the service rendered to Alberta and British Columbia by "Punch" Dickens, Russ Baker, "Ginger" Coote and by the men who operate Associated Airways, the Mackenzie Air Services, and the Queen Charlotte Air Lines.

I should like to pay special tribute to Grant McConachie, president of the Canadian Pacific Airlines, who was responsible for the application before the Air Transport Board for permission to operate an all-cargo air service.

A few moments ago I spoke about the opening of an air service in 1936 between Fort St. John and Fort Nelson, British Columbia. I think everyone on the North American continent now knows where Fort Nelson is, but in 1936 only a few people, even in British Columbia, knew where it was. Fort Nelson and surrounding airports like Watson Lake, just across the border in the Yukon, were brought forcibly to public attention because of the war, but when I first advocated establishing a post office at Fort Nelson in 1935 I had to tell the people where the place was.

Hon. Mr. Euler: Exactly where is Fort Nelson?

Hon. Mr. Turgeon: Roughly speaking, it is situated on the route covered by the Alaska Highway. It lies in the path of a great air route which runs from Fort St. John, through Fort Nelson and Watson Lake to Whitehorse, and which is connected with Edmonton, Vancouver and Fairbanks, Alaska—only a few miles from Siberia. As a result of the historic meeting at Ogdensburg, New York, in August, 1940, between the late Prime Minister Mackenzie King and the late President Roosevelt, a Permanent Joint Board on Defence was established. Shortly after this the air route from Fort St. John to Whitehorse was militarized, and first-class airports were built in the whole area. There were two northern services operating at that time: the Mackenzie Air Services, and the Yukon Southern Airways, headed by Grant McConachie. The Yukon Southern Airways then included what was the former "Ginger" Coote's service from Vancouver to Fort St. John. The Yukon Southern Airways covered all that area of northern and central British Columbia, with connections from parts of northern Alberta and on to Edmonton. That route was militarized by the Joint Defence Board. With all due respect to those who might have preferred that the Alaska Highway go down by the Mackenzie river, the Joint Defence Board chose the Grant McConachie route, then called the Yukon Southern, on to the north country. That is why the American army shortly afterwards decided to build the Alaska highway starting at Fort St. John. Later on, however, the starting point was shifted to Dawson Creek, because it was the terminus for that portion of the Northern Alberta Railways south of the Peace River.

Since the C.P.A. took over the Yukon Southern, air service has expanded, especially in northern British Columbia, northern Alberta and in the Yukon and the Northwest Territories. They are now running from Edmonton, through Prince George, into Terrace. Terrace is only a few miles from Kitimat, the place which promises to be one of the greatest sources of aluminum production in the world. That is one of the reasons why I link together the development of the north country with the granting of this application to the Canadian Pacific Airlines. I hope the application will be granted soon, so that the work originally done in the north country by Grant McConachie and other bush flyers will be extended. Speaking personally, I would suggest to the cabinet that from time to time consideration be given to this application, and as development continues—and if favourable decision should be reached—the time for the granting of the application can be determined.

I want to say a word in praise of the government. There is no question that they had a legal as well as a moral responsibility to take action, and I think they showed courage in refusing to grant the application, because they believed that was the proper action to take at that time. I am sure honourable senators will know, from what I have said, that in urging that further consideration be given to the application later on, there is nothing whatever in my mind against the Trans-Canada Air Lines. I think they have done and are doing a great work, which could be continued just as efficiently if this application is granted later, as if it were not granted at all.

As I told you, honourable senators, for some years in the House of Commons I had the honour of representing the Cariboo country, which was the lodestone of a great deal of that development. One of the chief necessities in that part of Canada is transportation services. I do not intend to deal at length with this subject just now, but I do wish to say a few words about it. Some years ago I was chairman of the House of Commons Committee on Reconstruction. I am glad to take advantage of this opportunity to express, as I have done on previous occasions, my appreciation of the help given to me by the honourable senator from Ottawa

(Hon. Mr. Lambert), who presided over a similar committee in the Senate. At that time we recommended that agricultural, industrial, mineral and transportation survey be made of all the northwest country by the federal government, the provincial governments concerned and the two great railway systems of Canada. The purpose of the survey was to assess the potential industrial development of the natural resources in the northwest country and the extension of transportation facilities to that end. We added a paragraph to that recommendation to the effect that a similar survey should be made to include all the northern country as well as that of the northwest country.

I am very very proud of the Prime Minister and his colleagues in the cabinet, including our honourable leader in this house, for the action they have taken in creating the new Department of Northern Affairs and National Resources. As the Prime Minister has said, the resources of the far north are the only resources left that come strictly under the control of the federal government; all the rest are completely under the control of the various provinces. The Prime Minister, with great foresight and good judgment, created this new department, giving it a new name, and emphasizing the fact that one of its main responsibilities is the development of the national resources of the northern parts of Canada.

Honourable senators, I will not delay you further. I just wish to express my great pleasure in speaking of this new department, which I think will materially increase the development of natural resources, transport facilities and primary production in the northern parts of Canada. Through the functioning of this new department I think the government will come to the conclusion that the Canadian Pacific Airlines, a private company built by the efforts of a group of bush flyers which has grown into the large organization that it is today, should be granted its application for permission to carry cargo.

Honourable senators, I thank you for your kind attention.

Some Hon. Senators: Hear, hear.

(Translation):

Hon. Cyrille Vaillancourt: Honourable senators, I wish at the outset to offer my good wishes to our gracious Queen for a pleasant journey and a happy return. May her charm, her great distinction and her good judgment leave behind her, wherever she may go through her Commonwealth, through her Empire, a memory of peace and goodwill. God bless and protect our gracious Queen!

To you also, Mr. Speaker, I offer my good wishes. Knowing your sound judgment and your ability, I am convinced that while you hold your high office we shall enjoy a period of peace and good understanding. Let me congratulate you on having acquired in so short a time a French pronunciation so, shall I say, elegant; and I am happy to tell you that it gives us, French Canadians, a great pleasure to hear you.

To the new Leader of this house (Hon. Mr. Macdonald) whom we have been delighted to welcome, may I offer also my good wishes? Nature has endowed him with great qualities. His maiden speech proves that he is very clever, but still more that he is a great politician. There is a difference between a politician and the dabbler in politics. We from Quebec are proud to number him as one of us since he came to our university to learn our language, which he speaks so charmingly. I must also say how much I regret the absence of the Leader of the Opposition in this house, the honourable senator from Winnipeg (Hon. Mr. Haig), and I ask the acting Leader (Hon. Mr. Aseltine), to offer him my best wishes for a complete recovery. As for you, Mr. Acting Leader, I have no doubt that you will consider the legislation submitted to this house with the same objectivity as your chief, who has shown such good judgment and so much ability.

At the opening of this session we found that the number of senators had increased by a dozen or so. I am convinced that all the newcomers will be a credit to the Senate, because, in reading their biographies, one realizes that the Prime Minister of Canada knew well how to choose his senators. Their ability and the enlightenment they will bring us will help to solve more readily the problems that are going to be submitted to us. Their advice will be useful to us; nay, it will be necessary.

But let me point out in particular the coming into this chamber of three new lady senators, which brings to five their number in the Senate. Following the example of their two predecessors, they can, especially in dealing with questions related to social measures, not only be a support, but also a source of light of immense value. They have only to follow in the footsteps of both honourable ladies who came before them to this house. Who could be surprised at the appointment of ladies to the Senate? Do they not represent about 50 per cent of the voters? Indeed they

represent a larger proportion. We talk a great deal about social security, social laws; but what would be the use of all those social measures if the family were not their corner stone? Is not the nation composed of every family in the country? And who ensures family security, the great family security if it is not our women, the mothers of our families? The worth of a nation depends directly on the worth of its families. We can pass all possible measures, but if at the base there is no family security our nation will never grow or prosper or develop healthily. The ladies in the Senate are therefore here to represent the family, the basic unit of our nation. It is in the midst of his family, in his home, that a man learns to love, and sometimes to hate. It all depends on his mother. The lady who moved the address in reply to the Speech from the Throne (Hon. Mrs. Jodoin) referred to the Biblical statement that it is not good for men to live alone, and she added, "even in the Senate". I should say that this statement is and will always be true. It is not good for man to live alone, because man is not a good educator in the proper sense of the word. Education first starts in the heart, and it is the mother who gives this education, this training, to her children. That is the reason why, in our times, when there is so much talk about social security, family allowances, old age pensions, etc., we need to receive advice from those persons who can make or destroy the home.

Someone said that woman carries peace or war in the folds of her skirts. It is true, for it is she who, when raising her children, instils into them that spirit of dedication, of charity and of love which can make the world better. A heartless woman—a rare occurrence, fortunately—cannot but sow hatred, and if such progapanda spreads too much it could cause the destruction of mankind. A heartless man is like one of the beasts deprived of reason which live in the jungle, detest one another and devour one another; the law of the survival of the fittest prevails instead of the golden rule. Glory then be to womankind, especially to the women of this country. By paying this tribute to you, ladies, I pay tribute to all our Canadian Mothers, to whom we are indebted for the development of this country, its blossoming, its grandeur.

I would be remiss in my duty if I failed to add a word of regret for our dear departed. I do not wish to make a eulogy of each one, as those who have spoken before me have paid them tribute much better than I could. However, I should like to mention one of them; at the last session, he worked with great zeal on the special committee appointed to inquire into salacious and indecent literature in Canada. I mean the senator for St. Boniface, the late Senator Davis. The best memorial that we could erect to his memory would be to pursue his work. His predecessor, the late Senator Doone, had cleared the ground. Senator Davis had, so to say, consolidated the work which had already been begun and which must be carried on. In the course of their investigations, social workers find out that too many of our youth are just drifting. From a very tender age, our children's heads are crammed with a lot of unhealthy literature. I am not talking only of salacious literature, but also of all those comics which deal only with murders, gangsters and crimes, a literature which displays the most skilful ways to cheat the law, to dispossess someone without being caught. If at the end of those stories guilty individuals are arrested, the imagination of young children, of teen-agers, tries to go further and seek how those guilty individuals could have better succeeded in escaping the hand of justice. That plays more havoc than you could imagine. Would it not be possible to find organizations which, to satisfy the imagination of children, could publish stories and illustrations worthy of their attention and apt to develop the best resources of their minds? Instead of causing their imaginations to work on unhealthy, destructive and negative schemes, let us guide young people toward good, so that they may elevate their minds, ennoble their hearts, develop that creative and saving virtue of love, of charity, that spirit of mutual help with which we must dedicate ourselves to one another, that spirit which was bequeathed to us by Christ, two thousand years ago, when He told us: "Thou shalt love one another" and not "Thou shalt detest one another".

Now, this important committee, which was formerly under the chairmanship of both our lamented colleagues, should not fall into oblivion, but instead somebody in this house should take over and revive it. May I be allowed a suggestion? Could not one of our lady senators take charge today of this committee, set it up again and try to find a remedy for the pollution of our youth's minds and hearts through pernicious literature? If a lady senator would consent to assume such responsibility she would get the support of the senators at large, who would do their best to obtain concrete results. Their suggestion should not be negative; it is not sufficient to say "Don't do this, don't do that". Something constructive should be put forward. We should be told how to uproot this threat and how to fight evil with good.

The Speech from the Throne mentioned the housing problem and announced the introduction of a measure to help the disabled. Please allow me to say a few words on both these problems.

I just spoke of moral education within the family. In order that a family may live in a suitable atmosphere, may live a truly family life, and in order that communism may not take hold among us, one of the best means to adopt is to increase the number of home owners who are heads of families. Being the owner of his house, a man is also the owner of that part of ground on which it stands, and, therefore, owner of a part of his country. He is on a bit of ground which belongs exclusively to him and his family lives happily there. "Chez nous" is one expression that can hardly be translated into English. The phrase "at home" has not the same meaning. "Chez nous" comprises more than the place where we live. These words include also the family, the roof under which we live, that bit of our land which is our personal property. This phrase includes everything: family life, economic and even spiritual life. In multiplying these "homes" throughout our country, we multiply homes where people are more attached to their native land and love it more. By so doing we multiply also homes where it feels better to live. This is also one of the cornerstones of social and moral security. One does not worry about tomorrow, does not wonder if in a few weeks time one will be forced to move for lack of space; one is at home, one lives in one's own house. Children who will soon leave their parents' homes to establish their own homes will say to themselves: "At home things were done this or that way and today in my own home we will continue to live the way we were taught."

I take pleasure in bringing to the attention of this house, the splendid work achieved by the Credit Unions of the province of Quebec with regard to the housing problem. More than $115 million has been loaned by the credit unions to their shareholders for housing purposes; this money is repaid by monthly and sometimes weekly instalments.

In the large cities it is the corporations and the insurance companies which make loans, but in the small cities and in the rural areas these companies are not interested in loaning money. Consequently, it is the credit unions which help the people of small means in the small industrial and rural communities. I cannot resist the pleasure of underlining the splendid work achieved in this field by some housing co-operative societies of the Three Rivers district, in the province of Quebec. I especially wish to give full credit for this work to the president of the *Fédération des Caisses Populaires Desjardins*, Mr. Laurent Letourneau, who, in that district, has been one of the most active promoters of the activities of the housing co-operatives.

To what extent will the legislation which will be drafted help in the building of houses and homes? I still do not know; but, having confidence in the wisdom and in the judgment of our Prime Minister, I am sure that the new act will be even more humane, so to say, than the previous acts, which have nevertheless achieved much good.

A social law, as humane as possible, will help the unfortunate, those who possess no worldly goods, the crippled, the paralytics who do not have anything and who are always worrying about tomorrow; and I hope that all the provinces will take advantage of that law. No barriers should remain between the provinces when the welfare of our people is at stake. One cannot invoke autonomy when it comes to helping the needy. If I mention that law especially, it is because for many years, in my own small community, I have been handling special cases together with the St. Vincent de Paul Society, the Family Service, the association for helping needy mothers, the association for handicapped people, etc. Up to now, the problem of helping disabled persons has been difficult to solve because these people cannot earn anything and their morale is very low; it is difficult to build it up. If we were living in some other countries, perhaps we would say: "These people are of no use. Let us make away with them." But who knows? One day, they may recover, and those who today are outcasts may develop into geniuses who will achieve more for mankind than the wealthy people who have not even the time to think. A few months ago, someone said to me: "I like our Prime Minister, he is so human." This legislation is further evidence of his kindness.

A typical case occurred some months ago where I come from, at the association for handicapped persons. Here was a man who for twelve years had been lying on his chair, utterly helpless. His attendant would place him on his chair in the morning, and would put him to bed at night; he had to be fed. Through a miracle he got in touch with us, and through a second miracle he received treatments from Dr. Dugal, who is performing near-miracles in his magnificent clinic. Today, after eight months, this man may not walk as well as we do, but he does walk and can use his hands. In the heart of that disabled

man, hope and life are flowing anew. And that handicapped man is not an imbecile; maybe something extraordinary will come from him, because he had a lot of time to think and meditate, and because he had always faith in God.

We sometimes hear laudatory remarks about the Senate, but more often disparaging ones. It is claimed, for instance, that the Senate does nothing, is of no use, that senators are asleep, and what else!

The Senate was organized as it is today for the safeguard of all Canadian citizens, and more especially for the protection of minorities, that is to say, for the scrutiny of legislation.

There is a fact which is unknown or which is ignored: in this chamber, when legislation has been introduced, and once three, four or five objective speeches have been delivered on the bill, it is useless, we believe, to waste the time of this chamber in idle and sterile discussions. Such legislation is then referred to committees, where a great work is performed. For some years, as everyone knows, the great majority of non-contentious pieces of legislation have been first considered and then passed by the Senate; this means that the Senate committees perform quite arduous work during the whole session. To cite but a few instances, let us take the legislation which revamped the Bankruptcy Act and was delved into by a Senate committee during three sessions, if I remember correctly; it comprises hundreds of pages and is quite hard to study. There was also an act consolidating the army, air force and navy acts, considered by the Senate committee before being referred to the Commons. The Criminal Code was also considered by the Senate committee for months and months before being deferred to the other place. Those bills having been gone into without political passion, in an objective way, the members have then less work to do.

In my opinion, those are quite important things. When at the end of the war the Foreign Exchange Control Act was introduced, prorogation was delayed about ten days, because the Senate committee sat in the morning, in the afternoon, and in the evening. If I am not mistaken, 70 amendments were made to that bill.

What did the Senate do? People do not realize the work we perform, and the reason is that today they figure that any achievement calls for much noise in the limelight. However, I never felt that noise could do any good, but I often noticed that some good was done without noise. To accomplish something, we do not have to destroy but to prevent wrongdoing. That is prevention, which is often part of our work. When you have not had to suffer from something, you do not enjoy the happiness of not having to bear it, but if something wrong happens we blame ourselves for not having prevented it. That is what we do in the Senate: we protect; we prevent; nevertheless we are being criticized. We must, however be indifferent to such criticism for we took our oath of office and we shall keep on performing our work with honour in the best interests of this country.

(Text):

Honourable senators, I would like to say a few words about the wheat problem, which was dealt with by our colleague the acting Leader of the Opposition (Hon. Mr. Aseltine). I do not claim that I can solve the problem; but certain facts are evident, and I believe that political economists could solve it.

During the past two or three years Canada's grain crop has been above normal; there is a surplus, and the government has been held responsible for the lack of storage facilities for all this grain. Some two years ago, when the crop was heavy, there came an early snowfall, and the farmers did not have sufficient time to thresh and store all their grain. If my memory serves me correctly, the government advanced to the farmers $165 million on that grain. The following spring, after the snow had melted, the grain that was outdoors was found to be well preserved and the farmers sold it. Why should the same situation not recur this year? Nature's great warehouse is the least costly and sometimes the best. This, however, is not the point which I wish to stress today.

A few days ago the Food and Agriculture Organization issued a memorandum warning us that the western world must solve the food crisis, that otherwise we shall be faced with a revolution by the hungry populations of the east, which increase by a hundred million every four years. In Canada, we do not know what to do with our surplus wheat; in eastern countries, hundreds of millions of people are underfed.

I recall that at the first conference of the F.A.O., at Hot Springs, we discussed for a whole week the world food problem and the paradoxical and illogical position of certain countries which destroy surplus food while people in other countries are starving. After eight days of debate, this sad state of affairs was blamed upon a faulty system of distribution. This happened in 1942, eleven years ago. What steps have we taken since then to solve the problem of food distribution?

The Director General of the F.A.O., Mr. Norris Dodd, the former Under Secretary in the United States Department of Agriculture, stated in his last report:

> We must frankly face the fact that the distribution of products between developed and underdeveloped countries remains unchanged, unbalanced and completely insufficient.

Mr. Dodd adds:

> The millions of people who lack food and other necessities of life realize, from year to year, that it is possible to lead a better life. They ask us to improve their fate.

The F.A.O. estimates that 70 per cent of the world's population is underfed; and this population is increasing to such an extent that in 1956-57 we shall have to feed about 100 million more persons than in 1952-53.

The same report also states that there were surpluses of wheat in Canada and in the United States, surpluses of cotton and dairy products in the United States, surpluses of sugar in Cuba, of beef and sugar in France, and of fruits, vegetables and dairy products in various parts of Europe. Mr. Dodd lays the blame on a faulty system of distribution, tariff and commercial restrictions, and other physical factors which prevented distribution of these surpluses among countries which lack an adequate food supply.

It seems that there is another cause of this problem: the system of nationalized currency does not permit that ready exchange of products which was common in former years when currency standards were less subject to fluctuation and interference. Today we have the sterling zone, the dollar zone, the zone of this, that, and what not. We shall not be able to solve world crises, particularly any arising from communism, until we do away with economic disparities which, tomorrow, may definitely divide all nations. Economic imperialism, whatever its origin, is an evil, and I fear that in a few years certain countries will be crushed under the over-abundance of their gold.

If farmers in the West have a problem resulting from their superabundance of grain, farmers in the eastern provinces have also their problem—a surplus of butter. As of November 1, 1953, butter stocks in Canada totalled 91,588,000 pounds, the highest in history for that period of the year.

Since 1948 Canada's population has increased by 1·6 million or 12·5 per cent. Yet from that year, prior to the influx of margarine, until 1952, butter consumption declined by 52 million pounds, or 14 per cent; and the *per capita* consumption of butter declined from 28·73 pounds to 22·07 pounds, a reduction of 6·7 pounds, or 23·4 per cent. In 1952, in the eight provinces of Canada in which margarine is sold, the *per capita* consumption of that product was 10·5 pounds, and the total production amounted to 105,591,000 pounds, while Canada imported from the United States and Asiatic countries the equivalent of 200 million pounds of edible vegetable oils, at a cost of many millions of dollars. In the same year, home-production oils—from soy beans, grown in a few counties of Ontario—amounted to only 32 million pounds, and there is an adequate outlet for several times that quantity for shortening alone. Further, soy bean oil is only the by-product of the meal, for which the principal use is in the form of feed for dairy cattle. And 48·4 per cent, or nearly one-half the total imports of oils, including the oil equivalent of imported seeds, entered Canada duty-free last year.

Dairying is a domestic industry which gives employment to 17 per cent of our population. But the manufacture of margarine is an "imported" industry which employs very few Canadians. Money which is sent out of the country impoverishes it, and only a very small fraction of our expenditures in this direction returns to benefit us. There are in Canada at least two and a half million, more probably three million, consumers living on the farms. Every dollar received by these people is spent in the country, but very few Canadian workmen benefit from the millions of dollars sent out of the country to purchase vegetable oils. Five or six manufacturers may derive considerable profit, but I cannot see how—

Hon. Mr. Euler: How many consumers are there?

Hon. Mr. Vaillancourt: I repeat that I cannot see how it benefits any others. It has been said that this is for the protection of the consumer, but has the cost of living been lowered? That is the answer.

Hon. Mr. Euler: Margarine is cheaper than butter.

Hon. Mr. Vaillancourt: I hope that our government, usually so wise and judicious, will do everything possible to assure the protection of the dairy industry, so vital to the agricultural class. If tomorrow the government abandoned the policy of supporting the price of butter, farmers would have to rid themselves of their cattle, and the grain crisis would be more acute than it is, for the consumption of grain would be considerably decreased. We must bear in mind that farm animals, especially dairy cattle, are great consumers of grain. I have said before, and I say again, that for our country the dairy industry is vital economically; that our farmers who are butter producers contribute to the prosperity and stability of the whole

Canadian economy, whereas the importation of vegetable oils contributes to its destruction.

I conclude these remarks by asking the powers that be to try to find a just and fair solution of this problem. We shall arrive at such a solution if we base our economy on the fundamental Christian principles which we hold in common. Our Governor General, speaking on November 5 at the annual dinner of the Council of Christian Social Order, stated the following fundamental truth:

> On the one hand we seem to own, to an unbelievable extent, power and wealth, together with scientific knowledge and freedom; on the other, we see, at least among other nations, that the masses dwell in ignorance, servitude and pauperism and that there exists a state of poverty and cruelty which we do not dare look at, even in imagination. It seems that we have now lost sight of the divine Being and the divine design. We are facing a terrible and terrifying machine which no one can control any longer.

And His Excellency drew the following conclusions:

> The Church must face a world which is enslaved not only by its passions, but also by its scientific knowledge. I believe that its representatives could associate more profitably with the large number of enlightened laymen who attempt to find a solution. Together, they could oppose, with intellectual as well as spiritual weapons, the anarchy of pagan barbarity. I am firmly convinced that the heart of all our problems rests in our own hearts. It is clear that we should neglect no means in attacking this citadel.

Honourable senators, I shall conclude my remarks by asserting that, if we wish to find a solution to our economic problems, we should not consider the mere cult of the dollar sign; we should take into consideration the spiritual and moral values which alone can guide the world and improve its future.

With this principle in mind, and with the trust I rest in my country and my compatriots, I believe that a new spirit is spreading over Canada and that our country will lead the way for other nations, for the basis of our economy will rest upon moral values. Hoping that this will materialize, I repeat the following words of one of our great poets:

> O Canada, mon pays, mes amours.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Crerar, the debate was adjourned.

ELECTIONS BILL

SECOND READING

Hon. Norman P. Lambert moved the second reading of Bill 5, an Act respecting the use of election material for by-elections and Northwest Territories elections.

He said: Honourable senators, this bill, despite its title, is really a non-controversial one. Its main purpose is to effect an economy.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Lambert: I am sure that will bring great joy to the heart of the Chairman of the Standing Committee on Finance (Hon. Mr. Crerar) and to his loyal and interested followers.

Hon. Mr. Reid: It is something new, anyway.

Hon. Mr. Lambert: This bill marks the glorious advent of a young minister in the government, whose maiden effort in the other house was to provide for the saving of money to the people of Canada. This opportunity came about in a natural way in connection with the preparation of material under the Canada Elections Act. As honourable senators know, the Canada Elections Act of 1938 was revised early this year and a new law came into effect in September. As the existing stocks of election material were prepared pursuant to the Canada Elections Act of 1938, it would be illegal to use them in any by-election or in elections in the Northwest Territories. The purpose of this bill, as outlined in section 2, is to authorize the use of this material in such elections. This will, of course, avoid the expense of printing new election material.

Hon. Mr. Euler: Would the honourable gentleman inform the house how much money will be saved?

Hon. Mr. Lambert: I was just waiting for my inquisitive friend to ask that question.

Hon. Mr. Aseltine: I was going to ask the same question myself.

Hon. Mr. Lambert: I was informed this morning by Mr. Castonguay, the Chief Electoral Officer, that approximately $500,000 was spent in printing material preparatory to the last general election. It is his opinion that the adoption of this legislation will save the country from $20,000 to $25,000 in the forms and instruction used for by-elections and for elections in the Northwest Territories.

Honourable senators, the explanatory note to this bill is quite clear and I do not think there is anything more I need say. As the bill does not contain anything contentious, perhaps it need not be referred to committee.

Hon. W. M. Aseltine: Honourable senators, I am in favour of any legislation that will result in saving money and thereby cutting down, even to a slight degree, the amount of taxes we have to pay. I hope that this will establish a worthy precedent which will be followed throughout the session in other legislation.

The honourable senator from Ottawa (Hon. Mr. Lambert) has explained the bill fully. I am sure we all realize that it would be quite an expense to print new election material to be used in any by-elections and Northwest Territories elections from now until the next general election. Such forms might be used for only one or two by-elections and the rest would be wasted. There is no doubt that the Canada Elections Act will be revised again before the holding of another general election. As a matter of fact, I understand that a committee has been set up in the other house to deal with the whole electoral procedure. I am completely in favour of the bill and I see no reason why it should be sent to committee. It is a simple measure. As I said before, I hope that its economy feature will serve as an example to be followed in all other legislation that comes to us this session.

Hon. T. A. Crerar: Honourable senators, our colleague from Ottawa (Hon. Mr. Lambert) was kind enough to suggest that this measure would be one to rejoice my heart. I was raised in a rather strict Presbyterian household, and one of the admonitions laid upon us was that we should always be thankful for small mercies.

Hon. Mr. Lambert: Hear, hear.

Hon. Mr. Crerar: I therefore welcome this bill, for it will result in a saving to our taxpayers. True, it will only throw a tiny pinpoint of light on the great gloom of public spending that oppresses this whole country today at all levels of government. However, the bill has my hearty support. It is a simple measure providing, as the honourable senator from Ottawa has explained, for the use of election material at present on hand in by-elections and Northwest Territories elections. I am sure that ample quantities of the material for these purposes are available in the electoral offices of this country. Of course, it is important to have this material available in the Northwest Territories, because our Eskimo friends—or citizens, shall I say—now have the franchise. An Eskimo, emerging from his igloo would of course be delighted to receive some literature or documents informing him of the manner in which elections are conducted in Canada. Even if he did not learn very much about the subject, he would have the material, anyway.

Honourable senators, I repeat that I support this bill whole-heartedly.

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: Honourable senators, I wish to say something that I hope can be drawn to the attention of the proper authorities, although it is not directly concerned with the bill before the house today. In the last federal election one candidate's name was so long that no room was left for the voter to put an "X". When the returns were counted many ballots were discarded, because some voters who could not find a place to mark an "X" next to the candidate's name put the "X" in the margin, and that portion of the ballot was torn off by the returning officer. Others marked the ballot paper in different places. I think the authorities should take steps to see that that cannot occur again. Up to the present time in British Columbia we have had a system of voting in by-elections whereby the candidates are numbered, one, two, three, four, etc., on the ballot paper. Some voters accustomed to that system marked the numeral "1" and an "X" on the ballot papers opposite the name of the candidate of their choice. Those ballot papers were thrown out. I think many old customs should be reviewed in the light of modern conditions. If a voter puts the numeral "1" and an "X" after a candidate's name, surely it is obvious that he intends to vote for that candidate? I felt this matter should be drawn to the attention of parliament.

Hon. Mr. Golding: Are you referring to provincial elections?

Hon. Mr. Reid: No; I am referring to the last federal election. In part of the constituency that I had to do with I think 65 ballots were discarded: some were marked in the wrong place, and others were not marked at all because there was not sufficient space.

Hon. Mr. Fournier: What was the name of the candidate?

Hon. Mr. Reid: I cannot disclose the name of the candidate; I would not do so. Naturally, I would not be supporting other than a Liberal candidate, and it is on his behalf only that I speak, because he lost by a margin of 35 votes. As I have said, many ballots were thrown out on the simple technicality of having a "1" and an "X" marked on them. Some ballots bore no marking at all, because there was not enough room on them and the voter was obliged to put his mark in the margin, which the returning officer tore off.

I commend the government highly for this measure. I think this is a red-letter day in the history of legislation. The bill is to my knowledge the first one which has proposed economy of election material by a government department. At the same time, I wish to say that I cannot understand why city residents are treated differently from rural people in the matter of being furnished with information on where to vote. In cities every elector is sent a copy of the voters' list

in his district and is also informed where he may vote. People in the country receive no such information at all. That might not be a serious omission in settled rural districts, but in British Columbia, owing to the growth of population and industry, hardship is caused when people do not know where to vote.

Hon. Mr. Quinn: Are those lists supplied by the government or by the party?

Hon. Mr. Reid: By the government. The returning officer sends a list to all voters in the city. In the city from which I come, where the population is dense, the lists are posted up, and at the top of each list the location of the polling booth is stated.

An Hon. Senator: Where are the lists posted?

Hon. Mr. Reid: On telegraph poles. Also the lists are sent directly to the city voter. So he has ample opportunity to see whether his name is correctly given on the list, and where he has to go to vote. But, as I say, people in the country are not treated in this way. This is unfair to them, for all should be treated alike.

Hon. Mr. Lambert: Honourable senators, with reference to what has just been said by the honourable senator from New Westminster (Hon. Mr. Reid), may I point out that in the other place the minister proposed that a committee be set up next year to deal with this general subject. I shall certainly see that the points raised by my honourable friend are brought to the minister's attention.

Hon. Mr. Reid: Thank you.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Lambert: Next sitting.

NATIONAL RAILWAYS AUDITORS BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 9, an Act respecting the appointment of auditors for National Railways.

He said: Honourable senators, the provisions of this bill are so clearly explained in the bill itself that no explanatory note was considered necessary. The bill provides for the appointment of George A. Touche & Company, of the cities of Toronto and Montreal, chartered accountants, as auditors of the Canadian National Railways as defined in the act. A similar bill is presented each year. Under the provisions of the Canadian National-Canadian Pacific Act it is necessary to have auditors appointed annually, and they report annually.

Hon. Mr. Euler: Are they also the auditors of the accounts of the Canadian National Steamships?

Hon. Mr. Macdonald: Yes; the Act covers that.

Hon. W. M. Aseltine: Honourable senators, I have a few remarks to make in connection with this bill. A similar bill has been presented to this chamber about this time every year; except, I think, in the year 1935 when this firm of auditors was not reappointed.

I have often wondered why it was necessary to have outside auditors appointed when so many good auditors are paid officials of the Auditor General's department. I remember that in 1947 the present Minister of Fisheries, speaking in the other place, went very fully into this very matter and ended up by advocating that the Auditor General audit the Canadian National Railways' accounts. That would make it unnecessary to appoint any outside auditors at all, and I think that under the provisions of the act, which was mentioned by the leader (Hon. Mr. Macdonald) this policy could be adopted.

Can the leader give us any information as to what this audit by George A. Touche and Company costs the railway, or the people of Canada? The fee for the audit amounts no doubt to a very considerable sum, and when the railway runs at a deficit, as it frequently does, that money must be paid out of the pockets of the people.

Hon. Mr. Macdonald: I think it would be possible to have the audit made by the Auditor General, although an amendment to the Act might first be necessary. However, the audit would still be quite an expensive procedure.

Hon. Mr. Crerar: More expensive.

Hon. Mr. Macdonald: Probably more expensive than if an outside firm did it. The staff of the Auditor General's Department would have to be greatly increased, and I think the cost would be considerably higher than a private firm's fee.

There is a question as to whether the audit should be done by a government department. In my opinion, it is better to have the accounts of a government-owned corporation like this audited by an outside firm.

Now, with respect to the cost: the fee this year is to be $75,000. That seems a lot of money, but the task is a very big one. I might give a history of the fee that has been

paid over the years. Prior to 1938 the fee paid to George A. Touche and Company was $50,000 a year, but in that year it was increased to $51,800 because the company was required to audit also the accounts of Trans-Canada Air Lines and the Canadian National Railways' Securities Trust. In 1946, the annual fee was increased to $55,000, principally owing to the increased work imposed upon the auditors as a result of the substantial growth of Trans-Canada Air Lines. Some four years later, in view of the large increase in salaries and professional fees, and the additional work arising out of the expansion of Trans-Canada Air Lines, together with the increased railway operating revenues and expenses, the fee was increased to $65,000 per annum, effective July 1, 1950. As a result of representations made by George A. Touche and Company, and upon the recommendation of the presidents of Canadian National Railways and Trans-Canada Air Lines, the fee was increased to $75,000 per annum from January 1, 1953, by authority of Order in Council P.C. 1953-1370, dated September 9, 1953. The representations made by the auditors were that their salaries and overhead expenses have continued to increase; that since 1949 the operating revenues of the C.N.R. and T.C.A. have risen 34·8 and 49·8 per cent, respectively; and that these factors, and the additional work arising from the recent recapitalization legislation, have greatly increased the time required to perform the audit.

As I say, honourable senators, the fee seems large, but when we consider the work involved in auditing the accounts which are included under the heading of the Canadian National Railways I think we realize that the expense is reasonable, in relation to the work which must be performed.

Hon. Mr. Isnor: Just to make sure that I understand the leader correctly, I would ask if he stated that the Canadian National Steamships were included in the original contract. If so, I would point out that while there has been an increase in volume of receipts and expenses so far as the Canadian National Railways and the Trans-Canada Air Lines are concerned, there has been a very decided decrease in the business done by the Canadian National Steamships, both in receipts and also in the number of ships operating. So, I would think that instead of an increase of $10,000 in the fee there should perhaps be a decrease. I would also suggest that the increase in volume of receipts and expenses does not add greatly to the auditors' work: there are practically the same number of items, only the figures are larger. I doubt very much if that is a good reason for an increase of $10,000 in compensation.

I am in accord with the thought expressed by the acting Leader of the Opposition (Hon. Mr. Aseltine), that consideration should be given to having the audit carried out by the Auditor General and his efficient staff. True, there has been occasional criticism of Mr. Watson Sellar, but we all know that he is an efficient auditor and has a very fine staff.

Hon. Mr. Macdonald: I quite agree with the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) that the Auditor General is himself a capable auditor and has an efficient staff, but for him to take on the National Railways' audit would require a very large addition to his present staff.

Hon. Mr. Quinn: Hear, hear.

Hon. Mr. Macdonald: However, the question of whether it is advisable to have this work done by the Auditor General can be considered in the future.

The honourable senator from Halifax-Dartmouth asked me whether I was sure that the Canadian National Steamships' books were audited by the company which audits the National Railways. My information comes from the honourable senator from New Westminster (Hon. Mr. Reid), who suggested that an audit of the steamship lines was included. As I never knew the honourable senator to be wrong in his remarks in the other house, and never yet in this house, I am accepting his word for that statement.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Macdonald: Next sitting of the house.

PIPE LINES BILL

SECOND READING

Hon. W. D. Euler moved the second reading of Bill 10, an Act to amend the Pipe Lines Act.

He said: Honourable senators, this bill is a simple one. Its purpose is to correct uncertainties in, and perhaps omissions from, the Pipe Lines Act passed by parliament in 1949.

Members of the house know that supervision and administration of that act is placed in the hands of the Board of Transport Commissioners; and it was expected when the act was passed that any company desiring to build a pipe line for the transportation of oil or gas would of necessity make application to parliament for a private act granting a charter. In that way the company would come under the jurisdiction of

the Board of Transport Commissioners. It seems, however, that a flaw has been discovered in the law, and it may be possible under certain circumstances for a company to build a pipe line without applying to parliament for its charter, and thus not come under the jurisdiction of the board.

Hon. Mr. Aseltine: Have some companies not already built lines without applying to parliament for a charter?

Hon. Mr. Euler: I am not sure that there are actually in operation any companies which have not a charter granted by parliament. My friend may possibly have in mind pipe lines built entirely within a province, which do not come under the jurisdiction of the transport commissioners and are not in issue in this legislation.

I am sure the house will agree that any companies building inter-provincial pipe lines should, like railway companies, apply to parliament for a charter, and that their operations should be under the jurisdiction of the Board of Transport Commissioners.

While I do not think it is of particular interest to members of the Senate, nor that it should influence their consideration of this question, the fact is that the bill has already been passed by the other house. In the short debate that took place there, the bill received the full approval of members of all parties represented in that chamber.

The bill, as I have said, is a simple one. I leave it to honourable senators to indicate whether it should be referred to a committee for further consideration.

Hon. W. M. Aseltine: Honourable senators, my remarks on this bill will be brief. While I agree with what the honourable senator from Waterloo (Hon. Mr. Euler) has said, I notice that the bill was amended substantially in Committee of the Whole in the other house. It is now made quite clear that the provisions of the act are to cover inter-provincial pipe lines. The proposed new section 10A reads:

> No person, other than a person having authority under a Special Act to construct or operate pipe lines for the transportation of oil or gas, shall construct or operate an extra-provincial pipe line, but nothing in this section shall be construed to prohibit or prevent any person from operating or improving an extra-provincial pipe line constructed before the 1st day of October, 1953.

There was some discussion in the other place as to the meaning of the word "improving", and it was pointed out that it did not mean "extending"; in other words, a company operating a provincial line could not extend its operation into another province or another country.

Hon. Mr. Euler: I think it was made perfectly clear that the procedure prescribed applies to interprovincial pipe lines.

Hon. Mr. Aseltine: Yes.

Hon. Mr. Euler: And more particularly with regard to a line that may be constructed across the international boundary, which of course means into the United States.

Hon. Mr. Reid: Honourable senators, I should like to ask a question of the mover for second reading. In reading the debates of the other place, my attention was drawn to a rather surprising statement by the minister, which perhaps I may be permitted to read. He used these words:

> When the Pipe Lines Act was passed in 1949, it was considered that, in order to have the benefits of the act, including the power of expropriation—

My question is, have pipe line companies authority under the Act to expropriate property to the same extent that the crown or a railway company has such power? When the pipe line came into British Columbia, the company came to an agreement with all land owners affected by the construction project. It seems to me that to give such companies the right to expropriate property is going a little too far.

Hon. Mr. Euler: I think it is absolutely necessary that a pipe line company be given the right to expropriate property. For example, it would be ridiculous to grant a charter to build a railway from one point to another and not allow the right of expropriation of land over which the line would pass.

Hon. Mr. Reid: The Trans-Mountain pipe line was built without expropriation.

Hon. Mr. Euler: But that was only through the mountains.

Hon. Mr. Reid: No; I disagree with that statement.

Hon. Mr. Horner: If everybody would agree on the price to be paid for the land, there need be no trouble over expropriating it.

Hon. Mr. Reid: I still think it is giving the pipe line companies a lot of power. Although they will be making a good profit out of the transportation of oil and gas, I am quite sure that the consumer will be asked to pay the regular price for his fuel.

Hon. Mr. Euler: But how could a pipe line company, or a railway company, undertake to build a line if it did not have power to expropriate land, upon the payment of fair compensation? It just could not be done.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Reid: Refer it to a committee.

Hon. Mr. Euler: I suggest, with deference to the leader, that, if the bill is satisfactory to all senators it might be well to give it third reading today, and I would so move.

Hon. Mr. Aseltine: I do not think it need go to committee.

The Hon. the Speaker: It is moved by the honourable senator from Waterloo (Hon. Mr. Euler), seconded by the honourable senator from Brantford (Hon. Mr. Macdonald), that this bill be now read the third time.

Hon. Mr. Isnor: Next sitting.

Hon. Mr. Macdonald: There seem to be some honourable members who object to third reading today, and I do not think it would be proper for me to try to rush it through the house at the present time. The honourable senator from Waterloo (Hon. Mr. Euler) will, I think, agree with me that there is no particular urgency, and that the bill may be allowed to stand for third reading until tomorrow.

The Hon. the Speaker: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, December 10, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Aseltine, Acting Chairman of the Standing Committee on Divorce, presented the committee's reports numbers 131 to 140, both inclusive, dealing with petitions for divorce.

The Hon. the Speaker: Honourable senators, when shall these reports be taken into consideration?

Hon. Mr. Aseltine: Next sitting.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, I move, seconded by the honourable senator from Ottawa (Hon. Mr. Lambert), that when the house rises today it stand adjourned until Monday evening at 8 o'clock.

The motion was agreed to.

DEPORTATION ORDER

On the Orders of the Day:

Hon. R. B. Horner: Honourable senators, before the Orders of the Day are proceeded with I should like to refer to a dispatch appearing in the Toronto *Globe and Mail,* under the heading:

Girl Seaman Fools Crew and Captain.

This seems to be a very unfortunate instance. According to the story an immigration board of inquiry ordered deportation of the girl in question. Here, surely, was an opportunity for Canada to secure an unusually good new citizen. The dispatch says that the girl, who is only eighteen years of age, was handy with her fists, and that the captain of the ship on which she came to Canada as a seaman described her as one of the best helmsmen he ever had. I understand that she threatened to jump overboard and swim ashore while the ship on which she was being deported was going down the St. Lawrence, and that in order to prevent her doing so she was locked in a room until the ship arrived on the open ocean. I am sure we all admire a struggle on the part of anyone to achieve a worth-while purpose. A determined effort was made by this girl to secure admittance to Canada, but she was refused. In view of the circumstances, I for one would be perfectly willing to pay her passage over here; and if the reply to that is that it would be against the law, against passport regulations and so on, I would say that this is truly a case where the law is an ass.

ELECTIONS BILL

THIRD READING

Hon. Norman P. Lambert moved the third reading of Bill 5, an Act respecting the use of election material for by-elections and Northwest Territories elections.

The motion was agreed to, and the bill was read the third time, and passed.

NATIONAL RAILWAYS AUDITORS BILL

THIRD READING

Hon. Ross Macdonald moved the third reading of Bill 9, an Act respecting the appointment of auditors for National Railways.

The motion was agreed to, and the bill was read the third time, and passed.

PIPE LINES BILL

THIRD READING

Hon. W. D. Euler moved the third reading of Bill 10, an Act to amend the Pipe Lines Act.

The motion was agreed to, and the bill was read the third time, and passed.

EXPLOSIVES BILL

REPORT OF COMMITTEE—AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill C, and Act to amend the Explosives Act.

Hon. Elie Beauregard: Honourable senators, I move that these amendments be concurred in now.

Hon. Gordon B. Isnor: Honourable senators, before the amendments are concurred in, perhaps either the acting chairman of the committee (Hon. Mr. Beauregard) or the leader of the house (Hon. Mr. Macdonald) would make a statement as to their effect.

Hon. Mr. Beauregard: Honourable senators, I appreciate the reason for the anxiety expressed yesterday by the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) as to the effect of these amendments. No doubt he has in mind a catastrophe that occurred in Halifax many years ago.

As honourable senators will note, the purpose of the bill is to tighten the control on

all persons having to do with the production, transportation or storage of explosives, or handling of explosives in any way. The bill would make the crown subject to provisions of the Explosives Act, a condition that did not exist previously.

What we accomplished in the committee was briefly this: we clarified the clause making the crown subject to the provisions of the legislation and also to the regulations which will later be made by the Governor in Council. There is, however, an exception to the obligations of the crown, in that the act does not apply to the Department of National Defence. My understanding is that it would be hard to supervise the handling of explosives in the possession of officials of the department. For instance, explosives for defence purposes might come into Halifax by a ship of the merchant marine, or by a naval ship, or by rail. The Minister of Mines and Technical Surveys is responsible for the administration of the act, and all departments, with the exception of National Defence, should be subject to that administration. It has been said that explosives coming by railroad, for instance, would be under the control of the Transport Commission. No such provision is made in this bill.

My suggestion is that we pass the bill in its present form, and that the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) put in writing, in the form of an inquiry, all that he has in mind by way of suggestions: for example, with regard to the Transport Commission, and with regard to departments other than National Defence that may have something to do with explosives. As the bill stands, the only department to which the act does not apply is National Defence. I agree that each and all of the departments have the right to insist on suitable regulations covering anything they have to do in this connection. However, I am not a member of the government; I have no responsibility other than my limited responsibility as acting Chairman of the Banking and Commerce Committee. So, I repeat, all I can suggest to the honourable senator is that he put in writing, in the form of an inquiry, whatever he wishes to suggest to the government; and if it is deemed advisable to adopt his suggestions he may get a response in the form of an amendment.

Hon. Mr. Isnor: I would like to thank the acting Chairman of the Committee on Banking and Commerce (Hon. Mr. Beauregard) for his explanation and suggestion. Let me make it clear that I have no objection to the principle of the bill. My aim rather is to safeguard the port of Halifax from the recurrence of certain events such as have happened there in the past; and it is because of our experiences resulting from those events that I have brought this matter to the attention of honourable senators. I hope that I have thereby served a good purpose. It may be that the departments concerned in the handling of explosives—namely, Defence, Transport, and Mines and Technical Surveys—will avail themselves of the discussion which has taken place here and, if possible, make regulations to safeguard the entry of ships, whether common carriers or naval ships, bringing ammunition and explosives into the port of Halifax.

The motion was agreed to, and the amendments were concurred in.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor-General's speech at the opening of the session and the motion of Hon. Mrs. Jodoin for an address in reply thereto.

Hon. T. A. Crerar: Honourable senators, it is an old and honourable tradition of this house that, when a new parliament assembles and a new Speaker is chosen from our number to preside over our deliberations, we should offer him our good wishes and felicitations. If His Honour the Speaker is not entirely submerged by the good wishes that have been extended to him by those who have preceded me in this debate, then I certainly tender mine to him most warmly. And if he is submerged in good wishes I hope that when he emerges he will learn that I have extended my felicitations to him.

The responsibility of our Speaker is a considerable one. It is his duty to preside over the deliberations of this assembly, and if at times we stray from the parliamentary rules of debate it is his duty to quietly but firmly direct our feet back onto the right path. I have no doubt, sir, that you will discharge the responsibilities of your high

office in the tradition of the many who have preceded you and whose work stands as a glowing record in our annals.

I should also like to offer my felicitations to the new Leader of the Government in the Senate (Hon. Mr. Macdonald), who was only recently appointed to this chamber. I do not suppose it matters whether he is the Leader of the Government in the Senate or—as the honourable senator from New Westminster (Hon. Mr. Reid) suggested—the Leader of the Senate in the Government. In this respect I am rather inclined to agree with my colleague from New Westminster, but that is immaterial. We all wish our new leader well, and we are certain that his long experience in public life, which includes the Speakership of the House of Commons during the last parliament, will enable him to make a useful contribution to the work of this chamber. He will find, as I suspect he already has found, that the tempo of discussion and the manner of debate here is somewhat easier—shall I say somewhat milder—than in the other place. That is all to the good; and it is in keeping with our tradition and with what the framers of our constitution had in mind when they provided for a second chamber. Some people in this country have the mistaken idea that when members are appointed to this house they immediately proceed to eat of the fruit of the lotus tree and dwell forever after in a state of dreamy forgetfulness. By our deliberations here and by our contribution to the governing of Canada we should be able so to establish ourselves that the Senate will earn the respect and good will of all right-thinking Canadians.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: Since the new parliament was summoned congratulations have been extended in many directions, and I wish to add to them by sincerely complimenting the mover (Hon. Mrs. Jodoin) and the seconder (Hon. Mrs. Fergusson) of the Address in reply to the Speech from the Throne. There are few members now in either house who came to parliament as early as 1917, when I did. Since then I have heard a great many motions moved and seconded, both here and in the other house, for an Address in reply to the Speech from the Throne, but—and I say this with conviction—I cannot recall any occasion when the speeches of the mover and the seconder were expressed in more felicitous language and with greater clarity of thought than were those of the two newly-appointed senators to whom I have referred.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: As an old-timer, I extend to both of them my warmest congratulations.

I feel it incumbent on me to say a word or two of welcome to the other new senators who sit here for the first time this session. Some of them were unknown to me before coming here; others I had known in the House of Commons in stormier days. I know these new senators will not be content to rest upon their oars but will make useful contributions here. It would be invidious to single out individual members for special mention, but I do express the hope that the new senator from Lauzon (Hon. Mr. Tremblay) will occasionally break into song in this chamber.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: We carry on our deliberations here in a very free-and-easy way, and I have often thought that if from time to time a little spice were added it would help us. When I was a member of the House of Commons our colleague from Lauzon used to lead the house in the singing of *Alouette*, *There's a Long Long Trail Awinding* and *When Irish Eyes are Smiling*. The honourable senator has an extensive knowledge of music and song, and I hope that occasionally he will put it to good use in this chamber.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: I now come to a consideration of the Speech from the Throne, upon which this debate is founded. Let me say at once that the speech read by His Excellency, which of course was given to him by his advisors, is in many respects a pretty clear-cut statement. It is brief, and that to me gives it additional merit. It has the further merit of being lucid and clear. I think any person reading the speech can get a clear understanding of its intent. I now wish to deal with a few points mentioned in it. First, there is an appropriate reference to the coronation of our young Queen early in the summer of this year, the occasion of which evoked in a peculiar way expressions of good will and good wishes from the whole civilized world.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: These expressions of good will came not only from the subjects of Her Majesty, but from a great multitude of others who felt keenly the heavy burden of responsibility assumed by this young woman who whole-heartedly had dedicated herself to the welfare of her people.

I turn now to another very important part in the Speech from the Throne, namely, its reference to the search for a permanent and durable peace, and its affirmation that the

purpose of the government, in full co-operation with our allies, is to continue to build up and strengthen the free nations in their efforts to deter and prevent aggression in the future. That opens a very broad field. I am convinced that the government could take no other course than the one it has submitted to parliament and has placed before the Canadian people.

An Hon. Senator: Hear, hear.

Hon. M. Crerar: Rightly or wrongly, I believe today that the world is at a great crossroads of history. We are at one of those occasional periods in history when the fate of the world is pretty much in the balance. That has happened before; and some of the civilisations to which it has happened in the past have declined. As far as I am concerned, I am pretty well convinced there is a possibility that our civilization, as we have known it, may disappear into a deep gulf. That, let me repeat, is not beyond the bounds of possibility. And so this suggestion that on the advice of Her Majesty's advisers in Canada we propose to continue doing our part to maintain and build up a force to resist aggression, is worthy indeed of our whole-hearted support. Now that does not mean that our support must be an unreasonable and a blind support. We, as a parliament, have a perfect right to criticize here or there the methods by which it is proposed to achieve the objective. That is particularly true in the matter of spending by the defence services. Parliament has a right, and not only a right but a duty, to scrutinize these expenditures, to see that our part is effectively done; but, with that qualification, I whole-heartedly support the point laid down by the government in this paragraph of the Speech from the Throne.

I am not quite so optimistic, however, of the hope expressed in this next paragraph as the government would appear to be, from a reading of it. That is the paragraph which has to do with this whole wretched business in Korea. May I read it:

> We have every reason for satisfaction that through the use for the first time of collective police action the objective of the United Nations in Korea has been substantially achieved. The aggressors have been driven back, the fighting has ceased and an armistice has been concluded. My government earnestly hopes that a political conference will ultimately succeed in restoring peace in Korea.

That, of course is a hope we all can echo but I, for my part, am not very confident that peace in Korea is going to be achieved at an early date. We all recall the occasion of this Korean war, and I think it is well that we keep it very clearly in mind. Before the war with Japan ended there was an understanding that Russian forces would occupy the northern part of Korea which juts up against Manchuria, and that the United States forces would occupy the southern part; and the dividing line, as I recall, was to be the 38th parallel of latitude. It is a matter of history that Japan had long occupied Korea, but Japan was now out of the picture. Governments had to be established in South Korea and in North Korea.

Now the Russians, it is quite clear, so managed things in the northern part of that unhappy country that they left a communist government in charge. South Korea was set up under a president and a parliament. I am not here saying how democratic that parliament may have been, but it was an elective parliament, and South Korea applied for and was granted admission to the United Nations organization.

In June, 1950, the North Koreans, without any declaration of war, without warning, crossed the 38th parallel and invaded South Korea and it soon became reasonably clear that they had been equipped and trained for the purpose. The United Nations took action —the only action they could take under the circumstances, under the provisions of the charter of the United Nations—and decided to resist the aggression of the North Koreans. Thus, the war began. It see-sawed back and forth for many months, and then there was talk of an armistice; but the discussions for an armistice between the two combatants that should have been achieved in a matter of a few weeks went on month after month, for almost two years, until finally it was achieved. But now very little progress is being made toward establishing a conference for the consideration of a peace treaty.

Without in any way being unfair or unjust, I must say it does seem, and all the evidence points to it, that China, which entered the war with Russia behind her, wants to prolong as much as possible the consideration of this treaty, and I think for a very obvious reason. The United Nations have today in South Korea more than 500,000 military personnel, eighty per cent of whom are from the United States. The United States are carrying the great burden of the expenditure, and this is costing the American treasury more than two billion dollars a year.

Hon. Mr. Euler: May I ask my friend a question, for information? Does he include the South Korean army, which is a very large army, in the figure of 500,000 that he just gave?

Hon. Mr. Crerar: No. I should have made clear that this figure is exclusive of the South Korean forces. There are not only

the military personnel, not only the soldiers, but all the supporting forces, convoy lines and all that sort of thing; and exclusive of South Korean forces, there are more than five hundred thousand United Nations personnel, eighty per cent of whom are Americans.

Hon. Mr. King: Surely not 80 per cent of the 500,000 are Americans?

Hon. Mr. Lambert: Yes, 80 per cent are Americans.

Hon. Mr. King: But is it true to say that 80 per cent of the fighting forces in Korea, including the South Koreans, are Americans?

Hon. Mr. Crerar: No; I said aside from the South Koreans.

Hon. Mr. Euler: Are you including the South Korean army in the figure of 500,000?

Hon. Mr. Crerar: No; that is exclusive of the South Korean army.

Honourable senators, after those interruptions, to which I have no objection at all, may I proceed?

Hon. Mr. Lambert: Does my honourable friend know how many South Koreans are in the South Korean army?

Hon. Mr. Crerar: No; I do not have that information.

The fact is, honourable senators, there has been a delay even in moving towards consideration of a peace treaty in Korea. I suggest this signifies a desire on the part of our opponents in this war—the communist governments of China and North Korea—to avoid a peace treaty or to delay it as long as possible. What they desire, or appear to desire, is neither peace nor war. I am convinced they do not want a resumption of the fighting, but I equally believe that they want to delay the accomplishment of peace. And for what reason? For the reason that they can force the United Nations to keep in that area, some 500,000 personnel, exclusive of the South Koreans, at tremendous cost to the treasuries of the countries involved. This situation has been one of the factors in causing the frustration over Korea that exists today in the United States. And we know further that to some degree at least it has been a factor in creating a difference of opinion between the members of the United Nations participating in the war in Korea.

But trouble exists not only in South Korea: the French nation has been bogged down in a conflict against the communist influence in Indo-China for seven years, and it is draining her personnel and wealth. What more effective measure could communist Russia and China take than to cause that state of affairs to continue as long as possible?

It is worthwhile remembering, honourable senators, that China has an estimated population of 450 million people. It is becoming very clear that the European influence on the Far Eastern Asiatic countries is declining. The North Koreans could not have carried on the Korean war without assistance from communist China, and even after China entered the conflict it could not have been maintained long had not Russia provided military supplies for the use of China and North Korea. Of this there appears to be pretty clear evidence. And let us remember all this was in violation of her undertaking as a signatory to the United Nations charter, by which she was bound not to give assistance to any aggressor nation against the United Nations. It is difficult, honourable senators, to see many rays of light through this state of affairs.

I shall discuss now what I regard as a most important declaration of government policy. As honourable senators know, I have not at all times found myself in wholehearted sympathy with everything the government has put forward in the past. But this is a declaration which we can all applaud. It has to do with Canada's trade, and our efforts to extend the boundaries of trade by liberalizing the conditions under which trade between nations is carried on. This declaration earnestly supports the agreements reached at Geneva, at Annecy and Torquay having to do with the extension of the Reciprocal Trade Agreements policy. This declaration of policy, honourable senators, is most important, for if Canada is to prosper and grow as we hope she will, we must trade with the nations of the world. In other words, we must find markets for our products.

At the moment there is a good deal of concern in western Canada, from which I come, over the uncertainty of finding wide enough markets to absorb our surplus wheat. I shall speak later to that subject; but I think it is obvious that the course our trade is now taking is not a dangerous one for this country. As a matter of fact, in the first nine months of this calendar year approximately two-thirds of our total international trade, including both exports and imports, were with the United States. If that proves anything—and I think it proves something—it is that the American market is, by and large, the great future market for Canadian products. I say that because the United States, with a population today of 160 million will, at the present rate of growth, have a population of 175 to 180 million by 1960, and that is only seven years away. In the history of a country seven years is but a short time. If we project our thoughts to the end of this century, only forty-seven years away, we

can assume that in all probability, unless the world is devastated and ruined by war, the population of the United States will then have increased to 230 million, 240 million, possibly 250 million. My memory goes back to the arguments over the reciprocity issue in 1911. That is forty-two years behind us. It is only necessary to look forward over a little longer period, to the end of this century, to throw into perspective the possibilities of trade development. What position is Canada in to participate in that development?

One of the most amazing happenings since the end of the last war is the amount of new wealth which has been discovered in Canada. For a long time we, at any rate in the west, held to the hope that some day oil would be found in the prairie provinces, but for many years, except in a very limited way, that hope proved vain. Today Alberta is one of the great oil-producing areas of the world. Oil has been found too in large quantities in Saskatchewan, and even in Manitoba, where only ten years ago any suggestion that oil might be discovered there would have been dismissed as fantastic.

Another important resource is our iron ore reserves. It is well known that the great supplies of good iron ore in the State of Minnesota are being reduced to somewhere near the vanishing point. Now iron and steel are basic to development of any country—I was going to add, any civilization. We have discovered in the far reaches of Labrador immense bodies of very rich iron ore; there is another large reserve about 130 or 140 miles west of Fort William and Port Arthur; and in the hills north of Sault Ste. Marie hundreds of millions of tons have been located. So there are abundant reserves of this great basic resource in our own country.

In the next place, I would like to remark upon the revision of our own ideas about Canada. It is interesting to read what was written about this country in former days. At the time of Confederation, and even fifty years ago, the prevalent conception was that north of a narrow strip along the international boundary line, lay nothing but a frozen wilderness of rock and ice and snow. That notion has disappeared. Today, over all this great pre-Cambrian belt which stretches from the coast of Labrador on the east, through central Canada and up to the Arctic, great mineral wealth has been found, and there are many geologists who believe that the surface has only been scratched. Further west, in British Columbia, discoveries of equal importance are being made, and Canada's far western province promises to become one of the richest of them all. These things were not conceived of a few years back, certainly not half a century ago. They evidence the immense potentialities of this country. But in order to support a thriving and happy population—for Canadians in the main, I believe, are willing to work—it is necessary to find markets. The resources I have mentioned are those which in the United States are constantly diminishing, and the people of that country will look to us in the future for their main source of supply. I need not speak of uranium, that new wonder metal. Quite evidently Canada is one of the main sources of the production of uranium oxide.

It is true that at times minor causes of irritation arise between ourselves and our American friends. Recently the United States threatened to increase the duty on Canadian oats, and a rather sharp issue arose a year or so ago in respect to some dairy products. But to my mind any talk of retaliation against the United States is foolish. I say that because inexorably the logic of events points to the benefit of Canada in this matter of trade with the United States. Great bodies such as their chambers of trade and their banking association, as well as some of their leading industrialists, are coming out frankly in advocacy of a lower-tariff policy. If the United States are to recover from the rest of the world the principal, or even the interest, on the money which, in one way and another, they have invested there, they can do so only by lowering their tariffs and increasing their purchases from other nations. This was the policy which, practised throughout the nineteenth century, and particularly in the latter half of that century, made Great Britain strong all over the world.

I have said enough about that. I want now to say a word or two about wheat. I am quite sure that my colleagues who have been in this house during previous sessions are under no illusions about some aspects of this problem. I am as convinced as ever that the wheat marketing policies we have followed in the last seven years have been unsound, and I think the inevitably poor results of these policies are now upon us. However, I do not wish to discuss that phase of the problem at this time. I wish to discuss, rather, the criticism that is being made of the government from certain parts of western Canada, and even from some of our honourable friends in this chamber. We cannot get away from the fact that the law of supply and demand is bound to operate in the long run. What is happening is that the great vacuum of foodstuffs and other commodities,

created by the disorganization of war, is now being filled and most countries are returning to a more normal state of affairs.

There is no doubt that the payment of high prices stimulates the production of wheat wherever it is grown. I am sure the honourable gentleman from Thunder Bay (Hon. Mr. Paterson), who knows a great deal about the subject of wheat, will agree there is scarcely a country where wheat cannot be produced. For example, Turkey in Asia Minor has been an exporter of wheat to western Europe in the past few years. Sweden, which most people believed could not produce sufficient wheat for its own needs, has been exporting that product to Great Britain, and wheat is now being produced in North Africa. Wheat-producing countries, particularly Canada and the United States, have experienced a succession of excellent crops. The total wheat production in Canada in 1952 was estimated at approximately 680 million bushels, and this year it has been estimated to be at least 570 to 580 million bushels. Our wheat marketing has been affected by the policy of the American government, which in turn has naturally been influenced by Congress. Politicians, of course, are just as eager to harvest votes in the United States as they are in Canada, and the American government adopted a policy of support prices which left a burden on the treasury. It also left the farmers free to produce whatever they wished. That policy is still in effect, although I understand the present Secretary of Agriculture in the United States desires to change it.

I should like to place a few figures on the record. Honourable senators are aware that the crop year begins in August, when our farmers commence to harvest their grain, and because of the cut-off date at the end of July we are able to have accurate statistical data as to what wheat supplies are on hand as of the first of August of each year. Our carry-over as of August 1 this year—which means the amount of wheat available in sight on that date—amounted to 362 million bushels. At the same date the carry-over in the United States was 580 million bushels, which is not nearly so large, comparing their population with Canada's. An interesting point is that in the four major exporting countries of the world—Canada, the United States, Australia and the Argentine—the carry-over on August 1, 1952, was 503 million bushels, which was somewhat short of the normal carry-over even at that time. As of August 1, 1953, the total carry-over for these four countries was 1,083,000,000 bushels. The Agricultural Research Department of the Searle Grain Company Limited, which is usually accurate in its calculations, estimates that the carry-over of these four countries at August 1, 1954, will be 1,400,000,000 bushels, which figure is almost three times what it was two years earlier.

In the face of these figures there can be only one result—the operation of the old law of supply and demand. Notwithstanding all the devices that might be used to try and maintain prices, unless there is active intervention by the government and complete control of marketing and production or the subsidizing of grain production, these prices will naturally be reflected from the conditions I have just outlined. So far as I am concerned, I do not think that any criticism can be made of the government on this aspect of our wheat production. The government cannot claim credit for the bumper wheat crops of the last three years, nor can it be saddled with the consequences that have resulted from that large supply of wheat. It is time that we readjusted our thinking on these questions.

What appals me more than anything else is the growth of the idea that in some mysterious fashion a government can solve every problem that is placed before it, that it must solve the problems of individuals and of communities. That is a dangerous idea. In that connection, I should like to speak of the position in western Canada. It is just fifty years ago that the first grain growers associations were organized in Saskatchewan and Manitoba, and Alberta followed a year or two later. I feel bound to say that the leaders of the farmers' organizations in those days were men of vision as well as men of action. They did not ask for favours from the government, nor did they ask for subsidized prices, or anything of that kind. All they asked was that the tariff discrimination against them should be removed, because they were paying a 25 per cent duty in agricultural implements; they wanted a fair field, to which they were entitled. And later they asked for and got amendments to the Canada Grain Act giving them further protection. That early spirit appears to have gone by the board. It is a matter of deep regret to me that some of the most powerful of our farmers' organizations are coming cap in hand to the government and saying: "You must give us some protection, you must put tariffs on the oils and fats that go into margarine; you must give us price guarantees—you must do this, that and the other

thing". I am too old to change, and I shall never have any sympathy either here or elsewhere with demands of that kind.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: I think such demands are entirely wrong, and I am as convinced as I can be of anything that they are wholly inimical to the best interests of the agricultural community in this country.

May I refer to a paragraph in the Speech from the Throne, which reads as follows:

> As further steps in helping to improve social welfare, co-ordinated plans for rehabilitation of disabled persons are being worked out with the provinces and a measure to facilitate the establishment nationwide of a federal provincial assistance program for totally disabled persons will be submitted for your consideration.

That is an important paragraph in the speech, and is well worth thinking about. It seems to me that today more and more people are putting the emphasis on security and that there is an increasing tendency to sacrifice freedom and liberty for security. That is true not only in Canada but in the United States and in Great Britain. Therein, I think, lies great danger. Security, of course, is desirable. But what are social security and social welfare costing this country today? It is interesting perhaps to view this matter objectively. It is estimated by government experts that our gross national production this year will reach $24 billion. Of course, that does not mean that the people of Canada will get $24 billion, for certain deductions must be made from this amount to arrive at our net national income. This net income will probably be about $19 billion. The net national income represents the total amount received from the activities of all the Canadian people.

The first question I wish to put to this honourable house is: How much of that amount today is absorbed in taxation? Taking all levels of government in Canada, federal, provincial and municipal, I suspect that fully one-third of the net national income is paid in taxes by all the Canadian people. I have not the figures for the past two years, but I have those for three years ago. Taxpayers are able to pay this large amount by virtue of the fact that Canada is a rich and productive country and her people are skilful and willing to work. But that ratio is too high. There are sound economists who contend that the danger limit is reached when more than 25 per cent of a country's net national income is absorbed in taxes. From this total burden of taxation, I should think about 1 billion, 600 million dollars is spent today on social welfare of one kind and another, if soldiers pensions—which, of course, must be paid—are included, and of this sum well over $1 billion is spent in the federal field.

Hon. Mr. King: Does that include federal and provincial?

Hon. Mr. Crerar: I said at all levels of government, federal, provincial and municipal.

I am not against social security at all, but I do suggest that this expense is a very heavy burden, and I raise the matter so that honourable senators may think about it, because if there should be a decline in our economy and something in the nature of a depression or a severe recession, what would the effect be on taxation, and could we maintain the heavy cost of these social security charges? If it were found impossible to maintain these services, except by inflated currency, which of course would be madness, this country might be confronted with dangerous political trouble. That is my considered view, and I put these thoughts to my colleagues here, not with any thought in mind that I know more about this matter than anybody else does, but as being well worth the serious thought of honourable senators.

I have spoken far longer than I had intended. May I say this in conclusion. There is no doubt that the world today is passing through very dangerous times. The great danger to the world, as I see it, is not alone the danger of war and destruction that may come. The greater danger lies in the deterioration and possible disintegration of the moral and spiritual forces of mankind that are the very foundation and basis of civilization.

Hon. Senators: Hear, hear.

Hon. Mr. Crerar: There is no use in trying to imagine for a moment that by purely materialistic means can we move out of these troublesome times into a sunlit future. We cannot do it. It is a matter, I think of some concern that those old sanctions that are inherent in the moral and spiritual qualities of mankind are today being subjected to strains and stresses greater than they have been subjected to ever before in human history; and I would humbly suggest to my colleagues in this house that when we are considering the multitude of matters that come before us, we keep ever in mind that material progress is not alone the essential thing. We must keep our eyes steadily on the effect of all our laws on the moral and spiritual progress of our Canadian people.

Hon. Senators: Hear, hear.

Hon. George P. Burchill: Honourable senators, I am sure we have all listened with a great deal of pleasure and interest to the speech made by the honourable senator from Churchill (Hon. Mr. Crerar) who, after so many years in the public life of this country, can speak with such a wealth of experience. I personally enjoyed his speech very much indeed.

Now, honourable senators, I am not going to make any lengthy contribution to this debate, but I rise for the purpose of using the occasion to make one or two observations. If His Honour the Speaker has emerged sufficiently from the congratulations which have been showered upon him, I hope he will accept mine; and I want to add this, that I hope the repetition of congratulations will not make them seem any less sincere. His Honour the Speaker and I became associated before he was called to the Senate, in the days of the formation of the Maritime Lumber Bureau, and I have followed his career ever since with a great deal of interest. It is my sincere wish that he will enjoy much happiness and success in his new position.

The honourable Leader of the Government in the Senate, or Leader of the Senate in the Government (Hon. Mr. Macdonald) comes to this house from the Speaker's Chair of the House of Commons, where he earned a reputation for impartiality and was held in the very highest possible esteem by members of all parties. His qualities of mind and character are such that I am sure this chamber under his leadership will make a very effective contribution to the work of the Parliament of Canada.

While we do not always agree with all the views of the Leader of the Opposition (Hon. Mr. Haig), I am sure we all agree that the Senate is poorer without him. I know I am expressing the views of all members of the Senate when I say that we hope he will be restored to health before long and make an early return to this chamber.

Hon. Senators: Hear, hear.

Hon. Mr. Burchill: Judging by the performance of the acting Leader of the Opposition (Hon. Mr. Aseltine) since the Senate convened, we can be sure that the interests of the opposition are safe in his hands. He is well supported by his colleagues, and particularly by the honourable senator from Blaine Lake (Hon. Mr. Horner). Whether or not we agree altogether with all the views expressed by the honourable senator from Blaine Lake, we must agree that he is a man who has the courage of his convictions. I have told him privately, and I tell him publicly now, that I have always admired him for his courage in standing up in this chamber and saying what he really believes.

Hon. Senators: Hear, hear.

Hon. Mr. Burchill: Another reason that I wanted to say a word in this debate was to express my pride as a Canadian, and also as a New Brunswicker, in the recent announcement that a great Canadian scientist and former citizen of our province, Dr. C. J. Mackenzie, has been awarded the Kelvin medal. Dr. Mackenzie, a former president of the National Research Council, and until recently the president of the Atomic Energy Control Board at Chalk River, has earned an international reputation as one of the foremost scientists of the world. He has made a notable contribution to Canadian scientific advancement, and in congratulating him as a fellow Canadian, I want to add that his native province is proud of such a distinguished son. Dr. Mackenzie is another of the long list of eminent Canadian church leaders, educators, men in public life, jurists, bankers and industrialists, in all parts of Canada and in fact in the United States, who have come from very humble homes in the Maritime—perhaps I should say the Atlantic —provinces. My colleague from Nova Scotia, the honourable senator from Milford-Hants (Hon. Mr. Hawkins), who spoke in this debate yesterday, referred to the exports from the maritime provinces. I just wonder if he agrees with what I have said before, that the most valuable export from the Maritimes is brains.

Some Hon. Senators: Hear, hear.

Hon. Mr. Burchill: For proof of that one need not go any further than the present membership of this chamber. We have the honourable senator from Kootenay East (Hon. Mr. King), the honourable senator from Vancouver South (Hon. Mr. Ferris), the honourable senator from Cariboo (Hon. Mr. Turgeon), the honourable senator from Ottawa (Hon. Mr. Lambert), and the honourable senator from Calgary (Hon. Mr. Ross), all former citizens of the Maritime provinces and who have made names for themselves in the respective provinces in which they now live.

I am glad to note from a statement by the Right Honourable Mr. Howe, Minister of Trade and Commerce, that the economic skies ahead look clear. I have great faith in Mr. Howe's judgment, and I observe that several of the presidents of our financial institutions, while advising caution, for the most part agree that there is nothing to alarm us in the prospects ahead. Most businessmen are today, and have for several years, been scanning the horizon for signals of stormy weather. The experience of the thirties had

a lasting effect on most of us, and after so many years of fair sailing, it is the part of caution to keep one's eyes cocked to the windward, so it is reassuring to hear the views expressed by these men who should know of what they speak.

When I entered the Senate the honourable senator from Waterloo (Hon. Mr. Euler) told me that stories did not go well in parliament. However, I am going to take a chance and tell a short story which I think expresses the view of Canadian business today. On a train running between London and Aberdeen a lady noticed that the gentleman with whom she was sharing a seat got off at every station, where he appeared to have some business, and always came back to his seat just before the train started off again. When her curiosity could no longer be contained, she asked him why he did this. He replied that he had been to London to consult a specialist about his health, and having been told that he was suffering from a serious disease which might result in his death at any moment—he was—as a true Scotman—buying his ticket from station to station.

Some Hon. Senators: Oh, oh!

Hon. Mr. Burchill: In spite of the reassurances we have today, I should like to remind honourable senators that there are in Canada at least two economies: that of Ontario and Quebec, and that of the Maritime provinces.

Hon. Mr. Stambaugh: What about the West?

Hon. Mr. Burchill: Never mind the West at the moment.

For the past twelve months there has been a definite slowing up of business in the Atlantic provinces—my friends from Newfoundland will forgive me if through habit I sometimes refer to the Maritime provinces —and I cannot give any better proof of this statement than by pointing to the fact that the telephone toll calls in the Bell system, which operates in Ontario and Quebec, show an entirely different trend from those in the Maritime provinces. For the year 1953 the Bell Company records an increase in messages of about 7 per cent over the preceding year, while in our district of New Brunswick —and I think Nova Scotia shows the same trend—the calls have decreased in number by 3 per cent, showing a total difference between the two areas of about 10 per cent. Honourable senators, I can think of no better way of measuring the tempo of business activity than by the use of the telephone, which has become such an important medium of communication in our economic and social life.

I endorse everything the honourable senator from Milford-Hants (Hon. Mr. Hawkins) said yesterday about the industrial situation in the Maritimes and our dependence upon export markets. Our problems arise chiefly from the fact that we are obliged to buy in a market where manufacturers enjoy a measure of protection, and sell in a world market against world competition; but we recognize the fact that other sections of the country have their problems too. The West has its wheat problem; and yesterday the senator from Kennebec (Hon. Mr. Vaillancourt) told us of the butter problem; and the farmers of the Atlantic provinces, including Prince Edward Island, have their problems. But while it is natural for us to be chiefly concerned with the prosperity of the particular section from which we come we, as Canadians, if we are honest with ourselves, must admit that we have little to complain of and much for which to be thankful.

I recently met a gentleman who told me that his son had been one of a group of university students who had toured the Far East during the past summer. They had visited India and had an opportunity of seeing many parts of that vast country, and spent a month at Kashmir University. The experiences of the group—the extreme heat, the food, and the conditions under which they lived—had been utterly exhausting, and the boy's health had suffered as a result. The young man's father made this observation: "If the people of Canada could take a trip to India and some other eastern countries and see their standard of living and the conditions under which people exist there, they would never cease to thank God for Canada and their Canadian citizenship." We know that Canada, with its rich natural resources and the character of its people, is a great country. And when independent journalists declare that Canada is the best governed country in the world, when Canada's voice at the United Nations is listened to with respect all over the world, when papers like the New York *Times* say that other nations can take a lesson from Canada, and when our currency selling at a premium in the money markets of the world, I think we should thank Heaven that Canada can produce men of the stature and the statesmanship of Mr. St. Laurent, Mr. Howe, Mr. Pearson, and Mr. Abbott. As for ourselves, members of this chamber, it behooves us all, in the light of our responsibilities as senators of Canada, to see to it that we further and support the policies which make for national prosperity, national security and national unity.

Hon. Senators: Hear, hear.

Hon. James H. King: Honourable senators, I debated in my own mind whether I should take part in this discussion of the Speech from the Throne. I have been associated in a ministerial capacity with both a provincial legislature and the federal parliament, and it may be that had I the facility of speech enjoyed by my honourable friends from Churchill (Hon. Mr. Crerar) and from Bathurst (Hon. Mr. Burchill) who have spoken this afternoon, my position in this country might have been a little different. But I was trained in a profession which does not talk about itself; its members are under oath not to reveal their professional relations.

I entered politics in 1903, just fifty years ago, and I have had, I think, a wonderful experience. It has been my privilege to meet not only the great men who have come to the Parliament of Canada, but many of those in the legislature of the various provinces, and the knowledge and the memories which have flowed from that association are well worth while.

From time to time, public life in this country has been marked by much bickering, great trouble, and unfairness in debate. It is my impression in this connection that some members of the House of Commons and other legislative bodies have gone too far in their criticisms of one another, and that public life has deteriorated as a consequence. My experience—and I am now old—leads me to think that men who are selected and elected by the popular vote, represent some viewpoint which should be, and I think is, respected by our political leaders, and I regret any tendency to use language about an opponent which is clearly unfair. If the young men and women who are being educated in our universities, and may follow us in public life, will study history and read the lives of Sir John A. Macdonald, Sir Wilfrid Laurier, Right Honourable Mackenzie King and some of our political contemporaries, they will be inspired, I believe, to elevate the tone of public life. Membership in the Parliament of Canada is, or should be, the greatest recognition that any man or woman who aspires to public service can receive. We have in some of our educational institutions today mock parliaments, and I hope that our universities and high schools, and all those persons who, throughout our educational system, are responsible for developing the ideas of young Canadians, will try to persuade them that, in the selection of those who should represent the people in the legislatures and parliament of this country, their choice should be made from men and women whom they can respect and hold in high esteem.

There has been a tendency to belittle public men. As far as I am concerned, I have been in public life for half a century, and practised medicine for twenty years, and I have no apologies to make to the public for either of these activities. I have done what I thought was right within my profession and as a politician, and, surveying what has taken place during my lifetime in the legislatures and the parliament of Canada, I have no personal regrets.

Absorbed in our day-to-day activities, probably we do not realize what has happened in Canada over the past thirty to thirty-five years. In 1921-22, when I came to Ottawa, no foreign power was represented here. Great Britain was ably represented in this country by a High Commissioner. Canada soon began to send representatives, capable men like Strathcona and Perley, to Great Britain. The first minister from a foreign power, Mr. Phillips of the United States, was appointed to Canada in June 1927, about three months after our present Governor General, the Right Honourable Vincent Massey, became Canada's minister at Washington. It is generally recognized that Canada is rapidly becoming a great country, and some twenty to twenty-five nations now have diplomatic representatives in Ottawa. One reason, among others, why they are here is to study the development of Canada. Although this country is new in the field of international politics, it is the world's third largest trading nation, being superseded only by the United States and Great Britain. However, Canadians should continue to be modest and not go shouting these facts from their house tops. Nature has provided us with great natural resources, and I disagree with those who maintain that we should conserve them. In my opinion we should sell whatever goods other nations are ready to buy from us, and I believe this has been the policy of our present government.

Much has been said during this debate about Canada's wheat production. Canadians should realize that wheat is one of the most valuable commodities we have to offer on the world market. It takes hard work to grow wheat successfully, but I am certain that our farmers, those blessed with devoted wives and children and good farms, are the happiest men in Canada today. The Canadian government does not look upon our farmers with disfavour, by any means, but we must remember that great changes that have taken place in agriculture, as in other industries. Such industries as agriculture, mining and fisheries have taken advantage of modern scientific developments. I remember that when the eight-hour day was introduced in British Columbia the mine owners

predicted they would be ruined, but the use of modern mining techniques have kept the mines flourishing. The honourable gentleman from Blaine Lake (Hon. Mr. Horner) recently told the house that it costs thousands of dollars to equip a modern farm. The day of the hoe and rake, which I used as a boy, have passed. No Canadian industry has a greater chance to prosper than agriculture, so long as it employs modern scientific methods, organizes within reason, and refrains from demanding subsidies in Ottawa. After all, the success of that industry, like the success of any other, depends on the principle of supply and demand. This is not an easy thing to control, and it can only be done by smaller and larger communities, national and international areas working together.

The honourable senator from Churchill (Hon. Mr. Crerar) has had long experience in public life. He assembles his facts with care and speaks with eloquence. He made a great speech this afternoon, one that I am sure would have proven of immense value to the United Nations Assembly had it been delivered before that body.

Honourable senators, I rose today because as one of the senior members of the Senate—I believe I rank seventh according to length of service—I wanted to pay tribute to those persons who were recently honoured by being summoned to this chamber. I heartily congratulate them and express my pleasure in seeing them here. I know they will become valuable members. I think the Prime Minister showed great wisdom in selecting and recommending the appointment of the three lady senators who were sworn in at the opening of parliament. As a native of New Brunswick, I am pleased that one of them (Hon. Mrs. Fergusson) is from the senatorial area known as the Maritimes. I am also delighted that women have made such a mark in the public life of Quebec that it was felt appropriate to select a lady (Hon. Mrs. Jodoin) to be a representative of that great province here. And the new senator from British Columbia (Hon. Mrs. Hodges) is well qualified to represent that part of western Canada in this distinguished chamber. I am sure that they will join with the two ladies who have been members of the Senate for some years, in making valuable contributions to the work of this chamber and of various committees.

We have heard excellent speeches in this debate, so good that I hesitated before taking part in it; but I do wish to identify myself with the first debate in this new parliament, the eighth new parliament that has met since I first came to Ottawa.

The honourable senator from Cochrane (Hon. Mr. Bradette), an old friend of mine, delivered an excellent speech. He was elected to the House of Commons in the year 1926. He was then a young man, and managed a business in northern Ontario. Not only did he become a useful member of the House of Commons, but within his first four years as a member he graduated from Ottawa University. The honourable senator is a splendid example to young men aspiring to a seat in parliament. The other day he spoke about the serious relationship existing between labour and management in his constituency. I listened to his speech with great interest, because his political experience has been much like my own. I thought he spoke with fairness, and in the hope that the unpleasant relationship existing in the mining country would cease. He was criticized by an officer of one of the great labour unions, who referred to his speech as having been made "in the sanctuary of the Senate". I do not object to the term used by the labour leader. However, it is here and in the House of Commons that these matters should be discussed; for, after all, parliament is supreme.

I have had a long and wide experience. I went West in 1898, and had the opportunity to act as physician and surgeon to the labour forces that built a great railway, the one through the Crowsnest Pass. I had travelling to do, not in an automobile or on a speeder, but on horseback, on railway pump cars and in box cars, and I slept and ate with those who were engaged in that great railway undertaking. I now wish to congratulate the labour unions and their organizers upon the fact that they have, I think, succeeded in giving labour almost a leading place in our activities. That place is not superior to the position of parliament or of the legislatures, but after many long years of struggle labour today does command a prominent place.

British Columbia has been pretty far in advance in enacting social legislation. In that province we have laws providing workmen's compensation, various forms of social security allowances, and so on. I think the legislature there has been of the progressive type, probably because people of the West are less conservative than those in the eastern provinces. A few years ago the then coalition government in British Columbia passed a law requiring that in the case of a labour dispute, and before a strike was declared, there must be a vote on the issue by members of the union, and that vote must be taken under government supervision.

I think our organized labour friends have accepted that legislation pretty well. We

know from experience gathered over many years that it has been necesary for the Parliament of Canada and the provincial legislatures to surround the franchise with great care, so as to prevent abuses in the registering of public opinion. The same coalition government of British Columbia passed what is known as a conciliation measure, whereby in the event of trouble between labour and management there would be an opportunity for them to go before a conciliation board. I think that a conciliation board serves a useful purpose. I am not sure what has happened recently in the province, but I understand the newly-elected government has dismissed the permanent board and is appointing from time to time a temporary board. I am not quite sure of this, but I believe I have read somewhere that a suggestion was made recently in Quebec that that province should set up a board of conciliation. Now, when a suggestion such as that is made nobody should get angry or take offence. After all, experience has shown, not only in our lifetime but through the centuries that it has been necessary for governments everywhere to set up tribunals to decide what is fair between individuals. Today this principle has been carried much further. Tribunals now decide what is fair between corporations and corporations or other institutions. And, as we all know, the United Nations established an international court by which problems that exist between countries may be considered and decided. I am very sorry to say, though, that very few representations or cases have been referred to that court. It is in line, I think, with the views of people with common sense that there should and must be some tribunal to which those who have grievances may apply for settlement.

I would not for a moment suggest that the right to strike should be taken from labour. However, I believe that we may hope that some day, in the interest of the nation, which comes first, and in the interest of labour and of management, it will be found to their common advantage to have a board to deal with questions in dispute between them. It may be called a conciliation board or given some other title; but in any event we may hope that in time there will be a tribunal before which those who have contending views may state their case and have a final decision made under the laws of the country. I realize that that suggestion will not be looked upon with favour by labour leaders, but I think it is worthy of their consideration. We know that organized labour today is able to select from among its number leaders with experience and knowledge and pay them more than is paid the Prime Minister of Canada; and it can employ experts who understand conditions, and can direct labour organizations.

Conditions have changed to a vast extent over the past fifty years. There was a time when a man could build a factory and start an industry, and it was his own. That is no longer possible. The need for developing the world's resources has brought about the formation of large companies in which the public may become financially interested. But having regard to the disputes between management and labour, I am afraid that today the dominant attitude is "Let George do it, and pass the cost on to the public."

Very little reference is made today to a great book on labour by a great man: I refer to *Industry and Humanity* by W. L. Mackenzie King. If we read and digested the principles laid down in that book, we could readily not only solve our national problems, but also remove some of the obstacles that impede international trade.

Honourable senators, before closing I should like to express my regrets at the absence from the chamber of the honourable Leader of the Opposition (Hon. Mr. Haig) and to extend to him my sympathy in the death of Mrs. Haig. I hope that he will soon recover from the recent accident he suffered, and that he will return to take his place in this chamber after the Christmas recess.

May I add that we are indebted to the acting Leader of the Opposition (Hon. Mr. Aseltine). In the past he has been required to devote much time to the work of the Divorce Committee, but now that he is free to turn his attention to other things I hope he will give us the full benefit of his wealth of knowledge and experience. We are always pleased to hear from him, and also from his colleague the honourable gentleman from Blaine Lake (Hon. Mr. Horner); for while there may be no crowding among the Conservative party members in this chamber, individually they are strong.

To the honourable Leader of the Government in this House (Hon. Mr. Macdonald) I wish to express our great pleasure in his appointment. He brings with him a vast knowledge not only of parliamentary procedure, but of public affairs generally. I would ask him to inform the government that we in the Senate are ready to expedite the business of parliament to the fullest extent; but also to warn the government that we reserve our right under the constitution to review all legislation, and to reject and amend according to the dictates of our conscience.

I should also like to remind the honourable leader that the government has a responsibility to maintain the Senate at its full complement of 102 members. I know that there has been difficulty at times in making a satisfactory selection of candidates to fill vacancies in this chamber, but in my opinion vacancies should not remain unfilled for as long as five or six years. If the government met its responsibility in this regard, the Senate would I think have proportionately as many new members this session as has the House of Commons.

To you, Mr. Speaker, may I say on behalf of those of us who have been associated with you for some years, how grateful we are that you have attained the most distinguished position parliament can offer, that of Speaker of the Senate. To me it is a great pleasure that you have succeeded to that position. I know that you will control this body with liberality, but with good judgment: that you will let us go our own way sometimes, but, not too far.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Beaubien, for Hon. Mrs. Wilson, the debate was adjourned.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES BILL

FIRST READING

A message was received from the House of Commons with Bill 6, an Act respecting the Department of Northern Affairs and National Resources.

The bill was read the first time.

The Hon. the Speaker: Honourable members, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, at the next sitting.

PRIVATE BILL

VICTORIAN ORDER OF NURSES—SECOND READING

Hon. Norman McL. Paterson moved the second reading of Bill M-2, an Act respecting Victorian Order of Nurses for Canada.

He said: Honourable senators, the Victorian Order of Nurses has operated since 1897 under a Royal Charter granted in that year. This charter has been amended five times—in the years 1911, 1923, 1929, 1936 and 1947.

The whole corporate structure and operations of the Victorian Order of Nurses have recently been studied by a commission set up by the order under the chairmanship of the Honourable Wilfrid Bovey, Q.C., O.B.E., of Montreal. One of the members of this commission was the Honourable Mr. Justice Colin Gibson of the Supreme Court of Ontario.

This commission presented a report to the last annual meeting of the order in May, 1953, recommending that the order should apply to the Parliament of Canada for the passing of an act re-incorporating it. Acts of incorporation have been secured from parliament during recent years by the Red Cross, the Canadian Legion and other organizations of a somewhat similar type.

The bill as presented to parliament, in addition to certain general powers usually granted to non-profit organizations of a charitable nature, contains provisions respecting the corporate structure and organization of the order, defining its powers and objects and the qualifications of members and governors and providing for their election or, in certain cases, their appointment. It also contains provisions to set up within the order a Council of Nurses, which has not previously existed.

The order presently carries on a visiting nursing service in approximately 115 different communities throughout Canada.

It is hoped and expected that if parliament grants a new charter the status of the order will be enhanced and that this will be an incentive to its continued growth and the establishing of additional branches in communities where there is a need for its services and where it does not now operate.

I would like, at this time, to say a few words about the major role the Victorian Order of Nurses is playing in helping to relieve over-crowded conditions in Canadian hospitals located from Newfoundland to the Pacific coast. The order in 1952 had 112 branches, and the strength of its nursing staff was 500. This enabled it to provide home nursing services in a number of new areas, particularly in Newfoundland.

V.O.N. nurses make nearly one million visits throughout the year to the homes of Canadians in all walks of life. A total of some 130,000 patients are cared for annually, 53 per cent of them mothers and babies. Medical and surgical cases account for 40 per cent of the patients, while the remainder of the patients are persons requiring health supervision. Many of these patients would have taken up hospital space if the nursing services of the order had not been available to them.

Of the million annual visits, about 26 per cent are for maternity cases. Sixty-five per cent are for medical and surgical patients, and 7 per cent for health supervision.

Approximately 16 per cent of the patients treated by the V.O.N.'s graduate registered nurses pay the order's full but moderate fee. Another 25 per cent pay partial fees. Seven per cent of the fees are paid by insurance companies, and 51 per cent are without cost to the patient. Fees charged by the order are based on the actual cost of the visit by a V.O.N. nurse. However, the fees are adjusted to meet the circumstances of needy families under the order's historic policy of providing home nursing services to all Canadians, regardless of race, colour, creed or financial status.

V.O.N. nurses will call at the home of any sick or injured person and administer care under the direction of a physician.

In addition to its home nursing services, the order also conducts child health conferences and clinics in many centres. Other services include immunization clinics, school nursing services and part-time industrial nursing.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Paterson moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

DIVORCE PETITIONS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 68 to 130, both inclusive, dealing with petitions for divorce.

Hon. Mr. Golding, for the Acting Chairman of the Committee, moved that the reports be concurred in.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Golding, on behalf of the Acting Chairman of the Standing Committee on Divorce, presented the following bills:

Bill N-2, an Act for the relief of Marie Jeannine Bisson Lecuyer.

Bill O-2, an Act for the relief of George Joseph John Louis Gustav Brisebois.

Bill P-2, an Act for the relief of Ivy Isabel Brown Wilkinson.

Bill Q-2, an Act for the relief of Eileen Sybil Fels Goldstein.

Bill R-2, an Act for the relief of Liliane Bernier L'Heureux.

Bill S-2, an Act for the relief of Andrew Warden Clark.

Bill T-2, an Act for the relief of Frances Herscovitz Hershon.

Bill U-2, an Act for the relief of Mary Frances Beatrice Lord Tomkinson.

Bill V-2, an Act for the relief of Roslyn Belkin Cohen.

Bill W-2, an Act for the relief of Phyllis Mildred Brohart Stephens Mowat.

Bill X-2, an Act for the relief of Anna Lillian Montague Maye.

Bill Y-2, an Act for the relief of Gerald Fry.

Bill Z-2, an Act for the relief of Gordon Amos Finlay.

Bill A-3, an Act for the relief of Eleanor Mary Hastie Moon.

Bill B-3, an Act for the relief of Jean de Tonancour Racette.

Bill C-3, an Act for the relief of Pauline Frances Elizabeth Appleton Powell.

The bills were read the first time.

SECOND READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Golding: With leave of the Senate, I move the second readings now.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Golding: Next sitting.

The Senate adjourned until Monday, December 14, at 8 p.m.

THE SENATE

Monday, December 14, 1953

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

CHILDREN OF WAR DEAD (EDUCATION ASSISTANCE) BILL

FIRST READING

A message was received from the House of Commons with Bill 27, an Act to amend the Children of War Dead (Education Assistance) Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave of the house, next sitting.

NATIONAL PARKS BILL

FIRST READING

A message was received from the House of Commons with Bill 28, an Act to amend the National Parks Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read for the second time?

Hon. Mr. Macdonald: With leave of the House, next sitting.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. W. M. Aseltine, Acting Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 141 to 148, both inclusive, dealing with petitions for divorce.

The Hon. the Speaker: Honourable senators, when shall these reports be taken into consideration?

Hon. Mr. Aseltine: Next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine presented the following bills:

Bill D-3, an Act for the relief of Joseph Anthony Albert Britt.

Bill E-3, an Act for the relief of Violette (Labeebe) Zakaib Kenemy.

Bill F-3, an Act for the relief of Elizabeth Josephine Grant Drummond.

Bill G-3, an Act for the relief of Joseph Georges Roger Dufort.

Bill H-3, an Act for the relief of Max Wulfovitch.

Bill I-3, an Act for the relief of Jessie Moffatt Luce.

Bill J-3, an Act for the relief of Julia McKenzie Clarke Smith.

Bill K-3, an Act for the relief of Phyllis Matthews Cloutier.

Bill L-3, an Act for the relief of Rose White Bishop.

Bill M-3, an Act for the relief of Victor Della Porta, otherwise known as Jack William Taylor.

Bill N-3, an Act for the relief of Edith Hersh Beck.

Bill O-3, an Act for the relief of Dorothy Amelia Hockley Burne.

Bill P-3, an Act for the relief of Dora Garoff Bernstein.

Bill Q-3, an Act for the relief of Phyllis Weiss Cohen.

Bill R-3, an Act for the relief of Rose Lillian Budd Cooke.

Bill S-3, an Act for the relief of Jeanne Delattre Toubeix.

The bills were read the first time.

SECOND READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, I move the second readings now.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Aseltine: Honourable senators, as we are nearing the end of this portion of the session, I would move, with leave of the Senate, that these bills be read a third time now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

PRIVATE BILL

ASSOCIATED CANADIAN TRAVELLERS— FIRST READING

Hon. Mr. Stambaugh presented Bill T-3, an Act respecting the Associated Canadian Travellers.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Stambaugh: Wednesday next.

PUBLIC BILLS

SUSPENSION OF RULES

Hon. W. Ross Macdonald: Honourable senators, as we are approaching the Christmas vacation, I would now move:

That from this day until the end of the present month Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

The motion was agreed to.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Aseltine moved the third reading of the following bills:

Bill N-2, an Act for the relief of Marie Jeannine Bisson Lecuyer.

Bill O-2, an Act for the relief of George Joseph John Louis Gustav Brisebois.

Bill P-2, an Act for the relief of Ivy Isabel Brown Wilkinson.

Bill Q-2, an Act for the relief of Eileen Sybil Fels Goldstein.

Bill R-2, an Act for the relief of Liliane Bernier L'Heureux.

Bill S-2, an Act for the relief of Andrew Warden Clark.

Bill T-2, an Act for the relief of Frances Herscovitz Hershon.

Bill U-2, an Act for the relief of Mary Frances Beatrice Lord Tomkinson.

Bill V-2, an Act for the relief of Roslyn Belkin Cohen.

Bill W-2, an Act for the relief of Phyllis Mildred Brohart Stephens Mowat.

Bill X-2, an Act for the relief of Anna Lillian Montague Maye.

Bill Y-2, an Act for the relief of Gerald Fry.

Bill Z-2, an Act for the relief of Gordon Amos Finlay.

Bill A-3, an Act for the relief of Eleanor Mary Hastie Moon.

Bill B-3, an Act for the relief of Jean de Tonancour Racette.

Bill C-3, an Act for the relief of Pauline Frances Elizabeth Appleton Powell.

The motion was agreed to, and the bills were read the third time, and passed, on division.

DIVORCE PETITIONS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 131 to 140, both inclusive, dealing with petitions for divorce.

Hon. Mr. Aseltine moved that the reports be concurred in.

The motion was agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, December 10, consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mrs. Jodoin for an address in reply thereto.

Hon. Cairine R. Wilson: Honourable senators, His Honour the Speaker (Hon. Mr. Robertson) and the newly-appointed Leader of the Government (Hon. Mr. Macdonald) have heard so many flattering words about themselves that I feel the only way I can attract attention is by saying something altogether derogatory about them; but this would be rather difficult in the case of such two old friends. I should like them to know that I heartily endorse everything the previous speakers in this debate have said about them.

After listening to the speech of the honourable senator from Kootenay East (Hon. Mr. King) I realized that I, too, am one of the senior members of this house, and as such I felt that I would be decidedly remiss if I did not express a welcome to the newcomers to the Senate, particularly the members of my own sex. I do not know whether it is because of diffidence on my part or of the proverbial desire of a woman to have the last word, but it has been very pleasant to me to hear the male members of the Senate express such satisfaction in the performance of the honourable senator from Sorel (Hon. Mrs. Jodoin) and the honourable senator from Fredericton (Hon. Mrs. Fergusson). I feel proud that this praise has been bestowed upon them. The honourable senator from Fredericton dealt at some length with her native province of New Brunswick. While I can only claim to be a part-time resident of that great province I can at least appreciate some of the problems of which she spoke. I am delighted that in the Speech from the Throne the government indicated its intention to make the occupation of the fishermen a little less hazardous.

The honourable senator from Peterborough (Hon. Mrs. Fallis) said she admired the way in which wheat growers are always able to keep the problems of their districts before the house. I know from my own experience as a part-time farmer that there are many agricultural problems about which we do not hear so much, and on which the honourable senator from Victoria-Carleton (Hon. Mr. Pirie) could speak with authority.

Honourable senators, I should like to express the hope that the honourable senator from Winnipeg (Hon. Mr. Haig), fully restored to good health, will soon return to his place as Leader of the Opposition in the Senate. Shortly after the grievous loss of his wife, he himself suffered an accident which almost took his life. A stay of some weeks in hospital must have been considerably irksome to one of his active temperament.

I am sure our women senators are gratified that a women's bureau will be established in the Department of Labour. In looking over the qualifications required of the person to head that bureau I came to the conclusion that she will have to be a paragon; indeed, I wonder if such an individual could be found. The Liberal party convention of 1948, which selected the present Prime Minister to head our party, passed resolutions recommending that a woman be appointed to the Civil Service Commission and also to the Unemployment Insurance Commission. In view of the large number of women employed in the Civil Service and under the supervision of the Unemployment Insurance Commission, it would seem only proper that a specially qualified woman should be appointed to each of these posts. I notice that in the brief they presented to the Prime Minister and the cabinet last week the National Council of Women urged the appointment of a woman to the Civil Service Commission.

I should like to express disappointment in the announcement that our postal rates are to be raised next April. Although our air mail service is a decided advantage to people living in remote areas of Canada, it is far from being an advantage to those in some other parts.

At St. Andrews. New Brunswick, two or three years ago I wondered why second-class mail for Ottawa always arrived in less than twenty-four hours, whereas letters, first-class mail, took forty-eight hours and sometimes even as long as seventy-two hours. I discovered that letters were being sent by air by a route which necessitated a direct re-routing. I do not know if the new plan to send all first-class mail by air will improve postal service in Canada as a whole.

I was highly gratified by and enjoyed tremendously the experience of representing Canada at the Fourth General Assembly of the United Nations in 1949. There I was, with a good many of the other women delegates, appointed to Committee Three, which dealt with social and humanitarian questions and to which the specialized agencies of the United Nations report. I fear that many of us know all too little of the work carried on by the specialized agencies. The World Health Organization alone, by measures adopted, has saved far more lives than were lost in the two world wars. I was more directly concerned with the work of the International Refugee Organization and was exceedingly sorry that at that session of the United Nations it was decided to cease its activities and to appoint an international commissioner for refugees under the auspices of the United Nations. This international comissioner has never had a satisfactory budget and has constantly been harrassed by seeing the need and being unable to place people properly.

There, too, we heard of the work of the U.N.I.C.E.F., that is, the United Nations International Children's Emergency Fund, and it was exceedingly gratifying to know that its work would be carried on not primarily as an emergency problem but with a view to more permanent policy for the betterment of children's health and well-being in underdeveloped countries. This organization has done marvellous work, and it is only to be hoped that its budget will be sufficient to carry on the work in the years to come.

One point upon which there was unanimity in that committee was United Nations scholarships. Under the United Nations they are helping students, and graduate students are brought to Canada and the United States from the under-developed countries to study our methods of forestry and many other subjects, so that they can go back and teach their own people. We also can profit from being sent to other parts of the world to learn. Our own Dr. Keenleyside heads the technical assistance program under the United Nations. I am speaking from memory, but recently I heard him on the radio tell of the tremendous demand for technicial assistance from many countries in all parts of the world. He said that last year they had only been able to carry out one-quarter of the projects for which they had been asked and for which they felt there was a real need. They do not undertake a project unless the country which is to benefit makes application for it and promises all the assistance within its power. He said that with the funds at present available they would be able to carry out possibly only one project in ten in the coming year. I was gratified to learn this morning from Mr. Cavell, the superintendent of the Colombo program, that the outlook was better and that because they had at least 70 applications from technicians who were willing to go out to these other countries they would be able to carry out undertakings to a much greater extent than Dr. Keenleyside had thought would be possible. The difficulty had been the scarcity of dollars to pay the technicians, who are

available principally in Canada and the United States, and therefore must be paid in dollars.

We have heard much about the shortage of food in certain under-nourished countries, and I do hope that in some way our surplus wheat can be used for the benefit of people who are really in need. We can point to Greece as a shining example, for Canada came promptly to its aid and has secured support for all the democratic programs there since. Canada saved Greece from falling a victim to the enticing doctrines of communism. As Confucius well said, "An empty stomach does not dwell on high principles." Undoubtedly the greatest power in Asia is the people. Many countries have now acquired a measure of self government, and unless we help them along that road to independence and a better way of living it will not be surprising if they succumb to the lure of the doctrines so enticingly presented to them.

Some Hon. Senators: Hear, hear.

Hon. Ray Petten: Honourable senators, I should like at the outset to add my congratulations to all that have been offered in this chamber during the last two weeks to Mr. Speaker on his appointment as our presiding officer. I am sure all honourable members agree with me that it is a fitting recognition of the service he has given as leader in this house, and that his tenure as Speaker will be notably successful. We all hope that abiding good health will permit him to enjoy to the full this crowning achievement of a lifetime devoted to public service.

Some Hon. Senators: Hear, hear.

Hon. Mr. Petten: I should like also to say how much I welcome our new leader (Hon. Mr. Macdonald). Though he is a new member of this chamber, he is certainly no novice, and common report has it that, in another place, he presided with a distinction which I think we now feel confident he will give to his new task.

Some Hon. Senators: Hear, hear.

Hon. Mr. Petten: May I also, if it be not regarded as a presumption on my part—for I am a fairly new member myself—extend a sincere welcome to the new members of the Senate and assure them that here they will find, as I have found, an atmosphere of good will and friendliness, and an underlying determination on the part of everyone to further the interests of our great nation. Particularly, I should like to join with other honourable senators in the words of welcome they have expressed to the new lady members of this house, two of whom opened this present debate in a manner worthy of the best traditions of parliament.

And I am sure that, as a Newfoundlander, I will be pardoned for saying a special word of welcome to my old friend, the honourable senator from Bonavista-Twillingate (Hon. Mr. Bradley). The honourable gentleman came to us from another place, where he was the outstanding member from our province during the past four years, as well as being the first minister from that province in the government of Canada. But those four years in this parliament were only a small part of the honourable gentleman's career as a parliamentarian. We in Newfoundland will never forget that his was the last voice raised in defence of representative institutions at the time when they were temporarily extinguished in our province, and it was fitting that his should have been the first voice raised in the parliament of Canada as the representative of the people of Newfoundland.

Some Hon. Senators: Hear, hear.

Hon. Mr. Petten: Honourable senators, one of the advantages of being a member of this house is that for a space of time—all too short, perhaps, in some cases—one has the companionship of, the intimacy and the great privilege of association with, some of the best minds that this country has produced. When you add to that the unfailing courtesy and gracious friendliness of men like the late Honourable John Caswell Davis, and the late Honourable Danny MacLennan, as he was so affectionately known, both of whom have so recently left us, then the honour of being a member of this chamber becomes immeasurably enhanced. We who knew and loved them miss them very much indeed.

I miss very much also the honourable the leader of the opposition (Hon. Mr. Haig) from his accustomed place. This chamber is not the same without his brilliant, witty comments, his outstanding philosophy and truly remarkable grasp of current affairs. I do hope he may soon return to us and long remain.

I should like to congratulate the honourable the acting Leader of the Opposition (Hon. Mr. Aseltine) on the very able manner in which he has performed his added duties: duties not as onerous, perhaps, as those to which he has become accustomed for many years as chairman of our busiest committee, but certainly much more diversified.

Honourable senators, I have listened in this chamber to much talk by distinguished senators of the desirability, nay the absolutely necessity, of national unity of all races and creeds if Canada is to continue on that path of greatness which seems to be her manifest destiny. I have preached that doctrine at every available opportunity both here and in my own province. Down through

the centuries Newfoundlanders have shown an intense loyalty to what they regard as the Mother Country, a loyalty which has been demonstrated on many a hard-fought field, through many a desperate engagement, both on land and sea, from the shores of Quebec when they helped repel Benedict Arnold's invasion from the south in 1776, to Flanders Fields where the old Royal Newfoundland Regiment earned the commendation from the Supreme Commander, of "better than the best", and our naval contingent the great Churchill's compliment of the "best small boatmen in the world".

With all their long proud history, they now wish to be proud of their new country, the greater Canada. This broad Canadian outlook, which the Newfoundland people have already acquired, was clearly indicated in the welcome they extended in the historic events of last August to the new Secretary of State of Canada. By the accident of birth the Minister was not a Newfoundlander, but the Newfoundland people by an overwhelming majority have made him one by adoption. They have welcomed him as a distinguished public servant, already a national figure, who could most ably represent them in the federal cabinet, and I have no doubt that the judgment of the Newfoundland people will be confirmed by events.

I think it would be a mistake, however, for the people in the rest of Canada to feel that, from now on, there is no need for any special consideration of the needs of our province. In less than five years we have not yet reached the point where we can take our Canadian status entirely for granted, or where it is yet time for the rest of Canada to take us entirely for granted.

It is generally recognized that Newfoundland felt the effects of the depression of the 30's with even greater severity than the rest of Canada, and that the very frugal administration of the Commission of Government left us far behind any other part of Canada in the provision of those services and amenities which are now accepted as normal and almost as the rights of Canadians elsewhere. It is true that immense progress has been made in the provision of services and the development of amenities in the past four and a half years. Both the Department of Transport and the Canadian National Railways have done a great deal to improve transport and communications, both of which are especially necessary in those provinces which are on the extremities of our country, in the far east and the far west, and I feel sure that my colleagues in this chamber from British Columbia will have a special sympathy for our situation.

We are particularly pleased at the progress which has been made with the new car ferry to operate from North Sydney to Port aux Basques. This was launched only last week, and we hope and believe that what has already been done is an earnest hope of what is to come and that, by the time the 23rd parliament has been elected, Newfoundland will really have caught up with the rest of Canada in transportation facilities.

We have been glad to see the development in the postal service, particularly the delivery of mail by air in the winter months. Our experience with the Post Office Department is that most of the officials are anxious to continue to improve the service just as rapidly as they can.

In this connection, there is one suggestion I would like to make. In most other parts of Canada, post offices in small places are generally in rented premises. In the smaller settlements of Newfoundland it is only very rarely that suitable premises can be found to rent, and the tradition in Newfoundland was to have as post office buildings very modest buildings, many of which are wearing out, and many more of which are totally inadequate to look after the vastly increased volume of mail. I would hope that the government and the Post Office Department would be able to take account of this special situation in Newfoundland and provide for the replacement of many of these buildings just as rapidly as possible.

I may say that we are greatly encouraged in Newfoundland by the visit recently of the new Minister of Public Works to the province. The Minister of Public Works knows the Atlantic coast and knows the problems of the people there as well as does any member of this parliament. His family has had a long association with Newfoundland, and we are very hopeful that he will carry on that family tradition of close association with our province. He will find there plenty of scope for his abilities in his official capacity.

But our greatest expectation, so far as the federal government is concerned, is for a steadily expanding federal activity in the development and modernization of the fisheries. We have been greatly encouraged by certain developments which have taken place in the past few months, and by the evidence in the Speech from the Throne that the federal government intends to continue to expand and to accelerate its part in fisheries development.

I know that the new Minister of Fisheries really wants to do a good job for Newfoundland, and I am rather glad that, by temperament, he himself is somewhat impatient, because I am sure that will help him to understand and to sympathize with the impatience which some of us may show at what is being accomplished.

But the real key to fisheries development, it seems to me, honourable senators—and this also is indicated in the Speech from the Throne—is the maintenance and expansion of markets on which we can reasonably hope to rely. If we can have suitable markets at reasonably remunerative prices, I am one of those who believe that private capital will be forthcoming to take advantage of those markets, and that the processing plants and distribution services we will need will, in fact, be forthcoming.

I have been particularly pleased by the great personal interest the Minister of Trade and Commerce has taken in our marketing problem. We in Newfoundland, like other Canadians, admire the minister for his energy, his know-how, and his capacity to get results, and we are glad to know that one of his ablest and most trusted officials has been entrusted with the chairmanship of a committee to study the future of the markets; and I can assure all honourable senators that we in Newfoundland will look forward with the keenest interest to the outcome of the endeavours of this committee.

We have brought to Confederation a third of a million consumers, who have added substantially to the domestic market for Canadian producers, and I am sure Canadians in every province would be astonished at the increase in the past four years in the volume of sales in Newfoundland, of goods produced in other provinces.

We also have, in the two great paper mills at Grand Falls and Corner Brook, in the iron mines of Bell Island, in the mines at Buchans and on the West Coast, flourishing industries which are making a substantial contribution to the total national production of Canada, and, through these corporations and their employees, making substantial contributions to the income of the Canadian government.

Many of us believe that, both in Newfoundland itself and in Labrador, we are probably on the threshold of important mineral developments; and with this object in view some of the largest mining concerns in the world are now carrying out explorations on the island and in Labrador. The findings are extremely encouraging.

It is my own conviction that the completion of the Trans-Island road will give a real stimulus to the development not merely of the tourist traffic but of all kinds of secondary industrial and commercial activities, no doubt many of them small in themselves, but adding up, in the aggregate, to something pretty substantial.

As time goes on, I believe Newfoundland will become an increasingly fruitful source of recruits for the armed forces of our country. My attention has been drawn to the fact that the oldest regiment in Canada, dating back to 1775, is at present without an armoury or any place with adequate facilities for training. As honourable senators well know, to receive and obtain full value for military training, it is not only necessary to have enthusiastic personnel on unit strength, but also most necessary to obtain in full measure complete support from the community, and at the same time to maintain *esprit de corps*, pride in regiment and constant reference and reminder of regimental history.

This state of affairs can only be accomplished by the provision of adequate accommodation—some place which the regiment can lay claim to as being its home; a place not only where training is carried out, but which makes possible the display of regimental properties, a constant reminder of its glorious and gallant history. In addition, it should be a place which the community can visit or use under certain conditions, a practice which again lends support to regimental recruiting and training.

The city of St. John's is probably the only capital city in Canada without an armoury, apart from the fact that it is the home of the Royal Newfoundland Regiment, the 166th Regiment of Field Artillery, the 56th Independent Field Squadron RCE (RF), No. 112 Manning Depot together with four army cadet corps. In this connection we welcome the past interest, and bespeak the continuing interest, of the Minister of National Defence in the development of facilities for the training of the reserve forces in our province.

Finally, honourable senators, I am confident that if we all do our part to understand one another the people of the rest of Canada will, as the years go on, become increasingly proud of our province, which is at once the oldest and the youngest member of the Canadian family.

Some Hon. Senators: Hear, hear.

Hon. J. J. Duffus: Honourable senators, in giving consideration to the debate on the Address in reply to His Excellency the Governor General's Speech from the Throne at the opening of this the twenty-second parliament, I seek the indulgence of the house to make a few brief observations.

I feel assured that all honourable members of the Senate will be happy, and at the same time deeply concerned, with respect to the current royal visit of Her gracious Majesty Queen Elizabeth and her distinguished husband the Duke of Edinburgh, who have embarked on a commonwealth tour covering some 50,000 miles and extending over a period of six months. I venture to say, that beyond

doubt they will be received with joyous enthusiasm wherever they go, and that their visit will increase the loyal sentiments and good will of all Her Majesty's subjects. I have used the word "concerned": but we trust that God in His infinite wisdom may guide and protect them to their journey's end, where they will be happily united with their children, Prince Charles and Princess Anne.

It is with deep respect that we offer to His Honour the Speaker our warmest congratulations and our very best wishes for success in the administration of his exacting duties. Most of us here have enjoyed a cordial association with him during his eight-year tenure as Leader of the Senate. His dignity, kindly attitude, cheerfulness and inspiring confidence were a source of pleasure and pride to us at all times. I join honourable members in expressing the sincere hope that he and his charming wife may long enjoy health and happiness together.

Hon. Senators: Hear, hear

Hon. Mr. Duffus: I humbly tender a warm welcome and sincere congratulations to the affable and capable leader of the Senate, the honourable member from Brantford (Hon. Mr. Macdonald).

Hon. Senators: Hear, hear.

Hon. Mr. Duffus: It was my pleasure to have served with him in the other place, where he was popular with all members. After long and faithful service he was appointed Deputy Speaker and, subsequently, Speaker of the House. There he served with singular distinction and dignity: he was kind, courteous, and impartial in his decisions. He comes to this chamber with a very enviable record of devotion to duty. I venture to predict that he will emulate the best traditions of the long line of illustrious leaders who have preceded him. Coming from the banner province of Ontario; possessing, as he does, so many fine qualities of heart and mind; his legal training and his long experience at the Bar and in public life also give the assurance that in him we have a capable leader and minister.

Hon. Senators: Hear, hear.

Hon. Mr. Duffus: It is my conviction that all honourable senators will unite in wishing our honourable leader and his gracious wife good health, and happiness together for many years.

Hon. Senators: Hear, hear.

Hon. Mr. Duffus: It is now a very great pleasure for me to extend cordial felicitations to the honourable senator from Sorel (Hon. Mrs. Jodoin), who so eloquently presented the motion for the Address in reply to the Speech from the Throne. Her charm and culture, characteristic of her race and her native province, will enhance the dignity and prestige of this chamber. We confidently hope that she, in turn, will derive much pleasure and satisfaction from her association with the varying responsibilities which devolve upon this house from time to time.

I would also extend a special welcome to our honourable colleague from one of the Atlantic provinces, the member from Fredericton (Hon. Mrs. Fergusson). We offer her congratulations not only as a senator but as a distinguished member of the Bar. From her contribution to the debate we know she will be most helpful as a legal adviser in the deliberations of our committees, and I am sure her assistance will be valued by us all.

One of the most important items mentioned in the Speech from the Throne was that of our responsibility to increase the strength of our defence forces. Although there is now a truce in Korea, all will agree that it is wise to maintain our forces and equipment there, because hostilities may be resumed on very short notice. In fact, world conditions are such that nearly all the free nations have found it advisable to build up their military, economic and moral strength. We must not overlook for a moment the possibility of long-range bombing attacks upon what may prove to be the arsenal of democracy in North America. With this threat overhanging us, the defence of this hemisphere, particularly in the Canadian section, is largely a matter of strengthening the air force, and this is a very costly business. The equipment alone is appallingly expensive; but we Canadians, like our neighbours, are fortunate in having a high national and individual income. Both countries also possess the kind of production facilities which invest them with major importance from the defence point of view, and we would be unwise not to take advantage of the fact.

The air force, part of which has a specially important role to play, is based at North Bay, in Ontario. It is being built up in the closest kind of working co-operation with the United States. That co-operation consists in the first place of a ring of radar stations designed to give us the earliest possible intelligence of enemy attack. The radar works on somewhat the same principle as television, although it is rather a line of sight; and although the range is limited, it is being rapidly extended farther and farther afield. Beyond North Bay are radar stations which operate around the clock and pick up on the radar screens any aircraft within their areas. Even though an aircraft is identified, through the flight plan or otherwise, as friendly, it

must be watched. This is done through sending out from the radar station transmitter the fan or vein, a pulse which goes out on line of sight and, when it strikes an object —be it the ground, a ship, or an airplane— comes back in the form of a wave which is visible on the radar screen. The identification of these signals requires highly-skilled operators. Their training and equipment enable them to transmit at once the information they pick up to fighter control stations, where it is sorted and followed up. Then, if necessary, it will be sent out over the air by operation of other radar sets, and thus contact can be established with an enemy even though that enemy cannot then be seen.

We have the kind of facilities to carry out this operation, and to protect the more settled parts of Canada and the United States. This requires setting up radar stations and establishing systems of communication by wire, wireless or micro waves. Then the plan requires the backing of interceptor aircraft that can take to the air with a minimum of delay and fly with sufficient speed to engage the enemy before he strikes at our vital sources of power and strength. This is a complicated operation which requires the highest degree of team work, and also very expensive equipment for radar, communications and aircraft. North Bay was selected as one of the principal fighter stations in the operation because it is geographically suited to protect the industrial centres of Canada and the United States against a certain line of attack.

Honourable senators, I feel I can say with little fear of contradiction that our military technicians and fighting men and women of the Canadian navy, army and air force are advancing in skill, gallantry and determination and are endowed with a dynamic spirit. Our country, with a population of fewer than 15 million people, has a fighting force of some 110,000 personnel all told. Mark you, Canada's army is the only volunteer army in the world, and it is justly admired by all nations. Side by side with nations mourning for their dead, and side by side with Silver Cross mothers, our boys and girls are ever ready to do their full part, whenever and wherever necessity demands. Truly theirs is a proud record.

Hon. Senators: Hear, hear.

Hon. Mr. Duffus: No doubt all honourable members noticed in the press of November 30 the list of atrocities perpetrated by the Reds in Korea. According to the press reports the communists had murdered 29,815 soldiers and civilians, most of the soldiers being from the United States.

Honourable senators, it is with some diffidence but without egoism or any personal feeling of satisfaction, apparent or implied, that I say to this house that the death of Stalin removed from the world an evil man. But this evil that he helped so much to strengthen and spread did not die with him, for there are others who are quite capable and well equipped to carry on his work. Despite the hysterical adulation of his followers, Stalin was a non-compromising communist. He was a living symbol, and communistic propaganda will strive to make the same sort of symbol of his successor. What too many of us fail to understand is that the men who get to the top in communism must of necessity, judging from the cruelty that has existed in communistic activities, be brutal, ruthless and evil. Communism is the sort of system which not only breeds such men, but must be controlled by them. It is a system which destroys the morals and the mind, and places a premium on cunning and savagery. We can only expect Malenkov and his colleagues to be more or less savage and cunning, as Stalin was. If the Russians decide to be more approachable and more friendly it will be because they see more advantage for the Soviet in taking such a course, and not because they are impelled by any deep regard for humanity. Just because Stalin is dead we have no reason whatever to believe that the communists will abandon their cherished doctrine that they must govern the world, nor must we believe that they will give up their plans to make that doctrine a reality.

We should be glad that we have not had a minority parliament in Canada during the past trying years, but that our parliament has had sufficient foresight, strength and morale to see to it that Canada does its part as a member of the United Nations in combating any alien cause or enemy. Why do I stress this? It is for the very good and obvious reason that, as honourable senators are aware, whether we like it or not communism is spreading and communistic aggression is increasingly our most wicked and ruthless enemy. Communism is an organization which symbolizes blood and death, and I caution honourable members of its inevitable consequences. Does anyone here disbelieve me? Listen to these words of the present leader of Russia, delivered before he became premier, in a major policy declaration in Moscow on November 19, 1949:

> If there is another blood bath, there will be weeping mothers in America.

Would that not affect all of us: our families, our homes and all we possess? "Man's inhumanity to man makes countless thousands

mourn." Surely, we should have no faith or confidence in such a man or in such a nation. In my humble opinion, Canada and indeed all the free nations of the world should continue effectively to build up and strengthen their fighting forces sufficiently to cope with whatever occasion demands.

"Self preservation is the first law of nature." And, if I may quote again:

To thine own self be true,
And it must follow, as the night the day,
Thou canst not then be false to any man.

I now come to Canada—our country, this great nation. Canada is great because it is dedicated to a great ideal and a great principle; she is great because there has been built around her a truly Christian concept of society. What a contrast. No one would suggest that our way of life is perfect, but no one can deny that, year by year, in correcting our shortcomings we have been successful in meeting the terms of economic and social justice.

I would be remiss if I did not remind the house of the Veterans Charter of 1946. That charter is the finest expression in the world of a nation's gratitude to those who so unselfishly served, and it was our privilege, and duty to the pioneer past to grant it, since we have so great a heritage and so adventurous a future.

In closing, may I say that Canada has today a great challenge to meet, and a great responsibility to shoulder. May our beloved country, under God's guidance, grow in stature, health, strength, stability, happiness and prosperity; may she be successful in bringing every benefit to all her people from sea to sea—this Canada, our home, our native land, and, in so many instances, we are proud to say, the land of our adoption. What a thrill of pride goes through our beings when we realize the full significance of these words: Canada, this beautiful, bountiful land, stretching from ocean to ocean and ranking high among the great nations of the world!

Hon. Senators: Hear, hear.

On motion of Hon. Mr. Pratt, the debate was adjourned.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

On the order for the second reading of Bill 6, an Act respecting the Department of Northern Affairs and National Resources.

Hon. T. A. Crerar: Honourable senators, the Leader of the Government, or the Leader of the Senate in the Government (Hon. Mr. Macdonald) has asked me—

Hon. Mr. Lambert: Move the second reading.

Hon. Mr. Crerar: A question has been raised, Mr. Speaker, whether I should speak first and move the second reading of the bill afterwards, or move the second reading before I begin to speak.

Hon. Mr. Aseltine: Move it first.

The Hon. the Speaker: I think that the practice of making the motion first is hallowed by tradition and experience, and that the other is in accordance with the book of rules, which says that an honourable senator shall speak first and move afterwards. Certainly, as long as I have been here the general practice has always been to move the reading of the bill first and to speak afterwards. If I had to rule, I should have to abide by the book, which directs that an honourable senator shall speak first and move afterwards.

Hon. Mr. Crerar: Thank you, Mr. Speaker.

Honourable senators, now I can start all over again. It might be useful and interesting to members of the house if a short historical survey were given of the development of the part of Canada to which this bill is directed.

In the year 1670, Charles the Second, sometimes known as "The merry monarch", granted a charter to a company of gentlemen, at whose head was Prince Rupert. The charter gave very extensive privileges to this new company, which was called "The Company of Adventurers of England trading into Hudson's Bay", and later came to be known as the Hudson's Bay Company. When the King granted the charter he was in a very generous mood; he was under an obligation to Prince Rupert, because in the parliamentary wars twenty-five years earlier Rupert had been one of the great leaders on the side of the King, who was his father. The charter embraced all the lands—all the area whose waters drained even from remote regions into Hudson's Bay. That will give an idea of the dimension of the empire given to these gentlemen adventurers. In 1870, two hundred years later, and three years after the confederation of the Canadian colonies, this whole area was ceded by the Hudson's Bay Company to Canada for a cash consideration and then became part of the great public domain of our country. It will be borne in

mind that before the area was ceded to Canada the administration of law was in the hands of the Hudson's Bay Company.

The province of Manitoba was formed in 1870. The next big event that touched this huge area was the development of the Yukon in the closing years of the last century. Gold was discovered in the creeks adjacent to what later became Dawson City, and the great gold rush started to that area. In 1898, in order to have more effective supervision of this particular area, a division was made of this vast area just mentioned and the Yukon territory was set up as an administrative unit.

Then in 1905 two additional provinces were created in western Canada: Saskatchewan and Alberta. Saskatchewan on its eastern border was adjacent to Manitoba, and Alberta on its western border was adjacent to British Columbia.

In 1912 the boundaries of these three provinces were extended northward to the 60th parallel of latitude and since then that part of the area has been under the respective jurisdictions of these three provinces. In 1930 the final act of the transfer of the natural resources within the provincial areas was accomplished and to all intents and purposes these western provinces now occupy precisely the same position as the original provinces that entered Confederation in 1867, so far as their natural resources are concerned.

In 1936, when the Liberal administration under the late Mackenzie King came into office it decided to amalgamate certain governmental activities and two departments of government, one being Interior and Immigration—Interior still had to do with the Yukon Territory and the Northwest Territories—and the other department being concerned with mines and Indian affairs. Both were united into one department under the title of Mines and Resources, and it was that department which your humble servant had the duty of presiding over for a period of ten years.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: In 1949 it was thought desirable, I suppose because of the increasing complexity of government and the ever-widening sphere of government, that a division should be made. And so, out of the Department of Mines and Resources there was created, first, the Department of Citizenship and Immigration; second, the Department of Mines and Technical Surveys; and third, the Department of Resources and Development.

The Department of Resources and Development had to do with the Yukon Territory and all the area north of the northern provincial boundaries and also with the national parks, historic monuments and the like. Now a further change is being brought about by this bill. The Department of Resources and Development will, after the passing of this legislation, pass out of existence, and the department will henceforth be known as the Department of Northern Affairs and National Resources. That is a brief historical sketch of the developments since 1870.

May I now say a word about the character of this area lying north of the provinces. It extends from Baffin Land on the east to Alaska on the west. Over the greater eastern part, from the coast of Labrador, dipping down into the central provinces, going northwesterly through Ontario, Manitoba and northern Saskatchewan and up to the Arctic Circle, is an area that is known as the pre-Cambrian, or Great Northern shield. The pre-Cambrian shield is composed of the oldest rocks known to geologists, or at any rate so I have been told.

Over on the western side is a great mass of mountains referred to as the Rocky Mountains. There are really three distinct ranges, and in combination they are known as the Cordilleras. Those mountains continue north to the northern boundary of British Columbia; and again, curiously, there is then a dip—that is the best word to describe it, I believe—and it is through that sort of pass that the Alaska highway was built and over which lies the main air route from Edmonton to the far northwest. North of this there is another mountain range, known as the Mackenzie Mountains, extending north to the Arctic plain.

During the course of my responsibility as a minister of the department, I had occasion to travel over a good deal of this territory and it was very interesting. I should add before I deal with this that in between the pre-Cambrian shield and the great mass of the Rocky Mountains lies the great plains which widen out at the southern part of Canada from Winnipeg to Calgary and beyond and then extend north, forming the basin of the Mackenzie River. This whole area has a slowly growing population, as I shall presently indicate. Its resources are commencing now to be developed, and they show great promise.

Dawson was once a city: in 1901, by a census count, it had a population of approximately 27,000. That of course was the result of the gold rush of 1898-99, when some very large individual fortunes were made from panning gravel for gold. I visited it in 1942, and found it completely a ghost town. I

slept one night in a hotel called the "Floradora", which was a famous name fifty years ago. The buildings in this place that once had been a city of 27,000 people and now has only a few hundred souls, have fallen into ruin and decay.

While there I visited the old Government House. As honourable senators may recall, in the days of the gold rush there was little communication between this gold camp and the outside world: there was no telegraph or radio service, and mails were very irregular because they came by way of the Yukon River from Whitehorse to Dawson city. Consequently, considerable authority had to be given to government officers and police authorities in order to maintain law and order in this mining camp of some 20,000-odd people; therefore quite a substantial government house was built—partially, I suppose, to impress the inhabitants of the place. The last occupant of Government House was the Honourable George Black, who was at one time a member of the House of Commons and, for a few years, Speaker of that house. He gave up his governorship and occupation of Government House in 1916 to raise a battalion, which he took overseas. It was decided at the time that a successor to Mr. Black would not be appointed, and so the building was closed; and it remained closed until only a few years ago.

I found this old building surrounded by a picket fence that was falling down; in the front yard where once had been a lovely lawn, there now were trees twenty feet high. I got into the rear of the building and there saw everything just as it had been left twenty-seven years earlier: the dishes and cutlery on the table, the stoves in the kitchen, the carpets on the floor, the bookcases filled with books, the piano in the drawing-room, and everything else just as it was when the last governor had walked out in 1916.

The question has been asked why some disposition was not made of the furnishings. The answer is that nothing practical could be done with them: any attempt at salvage would cost more than the furnishings could sell for. Consequently, they were left there. I am informed that within the past four or five years the building has been turned over to an order of Sisters, who have converted it into a hospital.

One who travels north of Dawson crosses the most rugged country, I imagine, in the world. Our party were travelling by plane, and I must say that nature was in a sportive mood when she tossed up the Ogilvie Mountains. Having passed those mountains, we flew on towards the Arctic, a distance of 250 to perhaps 300 miles over a level plain of tundra country with brief patches of low bush; thence easterly over the Richardson Mountains to Aklavik, which is located at the delta of the Mackenzie river some 140 miles within the Arctic Circle.

To look at another part of the north country, one who travels north of Churchill up to the Arctic will see more tundra country, but still with the basic pre-Cambrian shield. The astonishing thing is that the pre-Cambrian shield, which is now known to contain great mineral wealth, was by the early geologists thought to be barren rock so far as mineral wealth was concerned. And it was not until the building of the Temiskaming Railway when, as a result of blasting through rock a vein of native silver was uncovered, geologists learned of the mineral wealth in the pre-Cambrian shield. We know now of the huge iron ore resources in the Labrador, and of other mineral wealth extending through the northern parts of Quebec, Ontario, Manitoba and on up to the Arctic Circle.

Honourable senators, this area which I have described in some detail will come under the administration of the proposed legislation. Perhaps, at this point, I should comment on its economic status.

I have already mentioned that in 1901 the Yukon Territory had a population of 27,000; in 1951 it was 9,100. Of this number about 2,550 resided in the town of White Horse, and of these about 1,500 were military personnel and their families. Included in the total of 9,100 were approximately 1,500 Indians. In the area known as the Northwest Territories, which is east of the Yukon Territory, the population estimated by the 1951 census was 16,000, of which 5,300 were whites, 4,500 were Indians and some 6,200 were of the Eskimo race. There has been a remarkable growth at White Horse, which is situate at the southern end of the Yukon Territory, at the point where the White Horse Railway comes in from Skagway. It was the passage of the Chilkoot Pass, over which this railway runs, which some fifty-five years ago posed the biggest problem to gold-seekers during the inrush to the Yukon Territory.

In 1952 the production of minerals in the Yukon Territory amounted to $11,386,000, of which a substantial portion came from the operations of a dredging company which is working over many of the old creeks with large dredges and salvaging what gold is left. I saw something of their operations when I was in the district a number of years ago. The balance of the mineral production in this area comes mainly from the Mayo district, where several profitable mines are being worked. Mayo is located a short distance—according to my recollection, about 150 miles—north and east of White Horse.

In the Northwest Territories, exclusive of radioactive ores, which in the past came from the Eldorado mine, on Great Bear lake, the total production last year amounted to $8,944,000. It was derived from several gold camps located on the northern shores of Great Slave Lake, and now known as the Yellowknife country. When I was at Aklavik in the month of August, on the occasion I have mentioned, I saw some oats and barley which had been planted by a local doctor to see how they would grow. Though the results were not very impressive, the grain had grown. But, the same day I saw some beautiful flowers and excellent garden produce. At that time the only means of locomotion was to walk. I think I would have paid $25 an hour for a taxi, because it was a warm day and I had to cover a considerable distance on official visits to the hospitals under the respective auspices of the Roman Catholic Church and the Anglican Church, and the schools connected with them; and also, of course, I had to see the cathedral.

The idea that this country is a harsh and barren land every month in the year is all wrong. On two occasions I have been to Bear Lake. My first trip was early in September, and it was a disagreeably warm day —a fact of which I have a very lively recollection.

The only other product of economic importance at the present time is furs. I have not any recent figures relating to the Yukon, but in 1951-52 fur production in the Northwest Territories was of the order of a million and a half dollars. As far as one can see, the future development of that area will be mainly in the exploitation of mineral resources.

Hon. Mr. Aseltine: What about the fish?

Hon. Mr. Crerar: I said "mainly". I shall refer to fish a little later. There are, however, definite possibilities in respect of oil. Oil was found many years ago at Norman Wells, which is down the waterway approximately 1,400 miles from Edmonton.

The honourable acting Leader of the Opposition (Hon. Mr. Aseltine) referred to fish. The problem is to get them from where they are to where they can be marketed. However, very substantial quantities have been taken out of Great Slave Lake since a motor road was built several years ago from Grimshaw, on the Northern Alberta Railways, to the mouth of Hay River, where it empties into Great Slave lake.

At this point I want to mention another matter which I think is of some importance. At times we hear fear or concern expressed that the presence of our American friends in the north country on defence business may lead to some difficulties. I do not for a moment share these apprehensions. We are glad that United States detachments are in the north country participating in measures of defence. As the Prime Minister said during the discussion of this bill in the other place, Canada lies between Russia and the United States, and to understand clearly what this signifies one should refer not to an ordinary map but to a globe. The defence of this northern area is therefore a matter of as great importance to the United States as it is to Canada.

Canada's claim to this area in the north can now be said to be effectively established. According to international law there are, I am advised, four ways of determining the ownership of territory. The first is by exploration and discovery. That is not now deemed to be conclusive. A country might send an expedition to explore some area, as was commonly done a few centuries ago, when mariners were circumnavigating the world; then the representative of some other nation would come along and plant his country's flag on the same ground, and at once a dispute arose.

The next principle usually accepted is that of contiguity, which means proximity to a territory already occupied. According to the most complete test available, that of effective occupation, Canada unquestionably has full right to all the Arctic Archipelago as far as the North Pole

There is another principle, known as the sector principle, which deals with longitudes. There are 360 degrees in the circumference of the earth, and these parallels of longitude are far apart at the equator but converge at the North Pole. According to international law, Canada has a pretty valid claim to all land lying within certain sectors right up to the pole. Canada also has the advantage of effective occupation, for she now has weather stations sending in regular reports from the far north. One of these stations is as far north as Ellesmere Land, which I understand is only about 600 miles from the pole. In addition, Canada also sends ships into the far northern waters every summer. At any rate, I do not think Canada's claim to these northern regions will be disputed.

It might be worth mentioning that a few years ago a civilian organization, known as the Arctic Institute was set up in Montreal. This institute, which is in no way sponsored by the government, is carrying on active work in collecting and classifying data about these remote places. The purpose of this legislation is to give recognition to the growing importance of the vast area in this north country.

Honourable senators, from reading this bill I would say that practically all the powers contained in it now exist in the legislation which governs the Department of Resources and Development. I think we should note, as the Prime Minister himself pointed out recently, that by changing the name to the Department of Northern Affairs and National Resources we emphasize the importance of the northern country to Canada. The new department will not need any additional staff, for we are not setting up a new piece of governmental machinery. We are simply changing the name of the department and clarifying some of its powers. For instance, section 5 of the bill provides that Eskimo affairs will come under the department. The Indian Act specifically excludes the Eskimo from the administration of Indian Affairs. Yet the courts have held that Eskimos are Indians: I think this was decided in a ruling handed down in 1939. Despite this ruling, the Department of Resources and Development, like the old Department of Mines and Resources, kept supervision over the Eskimo, who received family allowance benefits and so on. If an Eskimo committed a crime, the R.C.M.P. were quick to investigate and bring the culprit to justice. For many years the department has been endeavouring to make these people self-reliant.

It is interesting to note that there was some discussion in the other house about the reindeer herd which is east of Aklavik. Reindeer were originally brought into Alaska from northern Europe. In 1929 Canada bought some 3,000 head in Alaska and in the following three years they were herded around the northern shores into the Aklavik delta. When they arrived there were 2,370, by actual count, but since that time the herd has increased to 7,700. An interesting experiment was carried out when small individual herds were given over to Eskimos who had gained sufficient experience in herding reindeer for the government. If this practice is further developed it may result in the Eskimo becoming economically independent, for the reindeer is an extraordinarily useful animal.

Honourable senators, section 5 of the bill provides that the duties, powers and functions of the new department will extend to the Northwest Territories and the Yukon Territory, which constitutes the largest part of this whole area; to Eskimo affairs; forest and water resources of Canada that are not under provincial jurisdiction; irrigation projects and water power developments; national parks and historic places and monuments, and so forth. Practically all these powers exist within the present Department of Resources and Development.

Honourable senators, I repeat that in the main all we are doing is changing the name of the department. The main purpose in doing so is to put the emphasis on northern development; the Government of Canada will have a department for that purpose and citizens will realize more and more that there are important resources in this part of the dominion.

Hon. Mr. Aseltine: Before the honourable senator sits down, I would like to ask him a question. Can he tell me what it costs the federal government to administer the Yukon and the Northwest Territories, and what revenue is received by the federal government from all sources in those areas?

Hon. Mr. Crerar: No, I have not that information here, but it will be available when the bill goes to committee, as I think it should.

I move the second reading of the bill.

Hon. Mr. Aseltine: Honourable senators, I understand that the Leader of the Government (Hon. Mr. Macdonald) would like to have this bill receive the second reading this evening. Therefore, although the hour is quite late, I will say what I have to say about the bill now.

When I heard that the honourable senator from Churchill (Hon. Mr. Crerar) was going to explain the bill I knew we would be given a very interesting explanation of it, for he has had a great deal of experience in connection with mines and resources. He certainly has furnished us with much valuable information. However, he told me he would take only 20 minutes to do so, and I find that he exceeded his estimate by at least a few minutes.

Hon. Mr. Macdonald: He covered a lot of territory. If I may interrupt the honourable acting Leader of the Opposition, I would say that we have not received certain bills from the other place that were expected and for that reason I would have no objection if my honourable friend moved the adjournment of the debate now.

On motion of Hon. Mr. Aseltine, the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, December 15, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayer.

Routine proceedings.

STAFF OF THE SENATE

REVISION OF SALARY RANGES—CIVIL SERVICE COMMISSION REPORT

The Hon. the Speaker: Honourable senators, I have the honour to present to the Senate the following report of the Civil Service Commission of Canada respecting revision of salary ranges effective December 1, 1953.

REFERRED TO COMMITTEE

Hon. Mr. Beaubien: Honourable senators, I move:

That the revision of salary ranges recommended by the Civil Service Commission for approval of the Senate be referred to the Standing Committee on Internal Economy and Contingent Accounts, for consideration and report.

The motion was agreed to.

PRIVATE BILL

FIRST READING

Hon. Mr. Bishop presented Bill Q-5, an Act respecting the Great Lakes Reinsurance Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Bishop: Thursday next.

SPEECH FROM THE THRONE

ADDRESS IN REPLY ADOPTED

The Senate resumed from yesterday consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mrs. Jodoin for an address in reply thereto.

Hon. Calvert C. Pratt: Honourable senators, I wish to avail myself of this opportunity to comment on some matters referred to in the Speech from the Throne.

Before doing so, may I congratulate His Honour the Speaker on the eminence to which he has risen in this house. I am sure he carries to that high office the confidence and good will of this entire body.

This house is fortunate also in having as Leader of the Government the honourable senator from Brantford (Hon. Mr. Macdonald), who has earned the high esteem of all parties in parliament. May I also congratulate our new associates in this chamber and, notwithstanding that I myself am comparatively a newcomer, bid them a hearty welcome.

I am particularly glad to know that the honourable senator for Bonavista-Twillingate (Hon. Mr. Bradley) has accepted a seat amongst us. His background of experience in Newfoundland public life, and his broader public activities in federal office in recent years, qualify him to be a very worthy and valuable member of this house.

As a member of this house from the province of Newfoundland, I am glad to see that the Speech from the Throne has a reference to the promotion of the Canadian fisheries. The Government states in the speech it is

giving particular attention to the development of markets for our fisheries and to the encouragement of more modern methods in the Atlantic coast fisheries, particularly in the province of Newfoundland where the methods are in the greatest need of improvement.

I wish to refer to that clause in the speech particularly and also to aspects of Canada's external trade. In that matter my province is vitally interested. It is not generally realized that Newfoundland is more dependent on foreign trade and less favoured by domestic trade, or I might call it interprovincial trade, than any other province of Canada. Officially that fact is known, but it does not appear to motivate policy to any great degree. Canadians generally are not aware of it, which is not to be wondered at, but I think it is up to all Newfoundlanders to put that fact across as forcibly as possible.

Newfoundland needs special treatment in the provision of foreign trading facilities. I can say it earns it, and I can say further and most emphatically it pays for it. In return, however, it gets only the bare fringe of special consideration in that respect.

Newfoundland, I say, pays for special consideration in foreign trade. I know that having made that statement I should not just leave it there. I should tell you why, and it is a pleasure for me to do so. Here are some of the facts. For every dollar we sell to the other provinces of our production, we buy at least fifteen dollars, if not twenty dollars of their production. While exact figures are not available, it is a safe estimate that Newfoundland buys up around 150 million dollars' worth of goods, perhaps considerably more, from the other provinces. We sell iron ore to the Sydney mills in Nova Scotia, and that's about all. I am not complaining on that score. The geography we

cannot correct, and wouldn't if we could. The other provinces produce at home practically everything of a similar nature to what we produce, and they are all nearer their natural markets in this interprovincial trade.

There is quite a live issue in the matter of freight rates to and from Newfoundland which I haven't time to deal with today, but I hope I may be able to do so in the near future.

Naturally our people must produce to live. They must produce from the sea, the forests and the mines. They must sell the products of their labour in the world's markets to get the money to buy in Canada. What they buy in the other provinces is not only manufactured goods, but a larger proportion of agricultural products than one province usually buys from another. The reason is that Newfoundland is not so favourably blessed with richness of soil and appropriate climate as are most other provinces.

As I was saying, Newfoundland's chief products, which are of the sea, the forests and the mines, have mostly to find a market outside of Canada. In that respect we are different from any other province. With all the prominence that is given to the wheat problem, for instance, I would point out that there is a domestic trade within the dominion for about 30 per cent of a good crop. All the principal grain together, including wheat, have a domestic trade of about 55 per cent. Vegetables, eggs, dairy products and almost everything one can think of, including goods manufactured on the mainland, have their basic sale right in the provinces of Canada, including the province of Newfoundland. Anything done, therefore, to facilitate foreign trade for Newfoundland is no handout—it is financially and in every other way done in the general interests of Canada.

Newfoundland lives by exports to a degree unknown to most areas of the world. We think of the Dominion of Canada as one of the greatest exporting countries of the world —and so it is. Comparing the exports to the gross national product, Newfoundland just before union with Canada had a ratio of exports three times greater than the Dominion of Canada as a whole. It is about the same today.

In the year before union, Newfoundland with 370,000 people was fifth in importance of the export markets of Canada. With the greater switch of buying of manufactured and all lines of goods to the other provinces since then, the importance of Newfoundland trade to Canada has increased immeasurably. This is accounted for chiefly by the operation of the Canadian tariff.

Two main factors enable Newfoundland to make this great contribution to the industrial life of the other provinces. First, it is our production, as I say, of the sea, the forests and the mines, which, in the sum total, must nearly all be sold outside of Canada. Second, it is the expenditures within Newfoundland by the Americans in the maintenance and extensions of their great bases. Other factors could be mentioned, of course, but they are minor in comparison.

What I want to bring out in mentioning these facts is just this: The economy of Newfoundland is the development of generations off there by itself. Fundamentally it is not a Canadian economy. Geography and history have made it so.

By reason of these factors the province has a unique problem in its foreign trade. It requires special treatment; and as I said before, it earns it and deserves it.

A saying that makes me thoroughly sick is one that is heard so often, not only up here but sometimes from people in high office in our own province; it is: "Of course, this or that can hardly be done for Newfoundland, because other provinces would demand the same and it would be impracticable". People who say this forget that not only have we not grown up for the past eighty years or so with the other provinces, but in the matter of foreign trade facilities—and it is that to which I am referring at the moment—we turn over the benefits derived from those facilities largely to the Canadian industries in the other provinces.

I can well imagine a ready reply to this being—"and so would be the effect in any part of Canada of an extension of foreign trade". I want to make this clear. To say just that would be entirely wrong and missing the point of my whole argument.

I state again, the money brought in to Newfoundland from exports abroad is used to facilitate a one-way trade such as does not occur between any of the other provinces in the dominion. We buy the products of the other provinces, who in turn buy practically nothing from us; and this, as I say again, sets up an entirely unique situation in the dominion of Canada.

The clause in the Speech from the Throne from which I quoted refers to the development of markets for our fisheries and the improvement of methods of production, particularly in the province of Newfoundland. Marketing and production are, of course, interlocking factors. Planning for production is futile without planning for marketing.

I would like to pay a tribute to the federal Department of Fisheries for its earnestness in approaching the problems. In the matter of improvement of production that department has undoubtedly more scope and authority within itself than in marketing. The problems of marketing are tied in with several departments of government.

The approach to the whole problem of Newfoundland fisheries was studied by a committee under the chairmanship of Sir Albert Walsh, Chief Justice of Newfoundland. Two years of strenuous work resulted in a factual statement of great value. It deals chiefly with long term development in the field of production, but has very little of practical application or recommendation to marketing problems.

The report points the way to greater production per man, which, if attained, would repair a great weakness in our codfishing industry. It is, of course, of that industry that I wish to speak particularly, because it is a far greater employer of labour than any other. Really it is the low average production, coupled with the seasonal employment, which has made the earnings entirely inadequate to modern needs.

The codfishery employs nearly all the Newfoundlanders engaged in our fisheries. The other fisheries are just supplemental to it. That is a natural condition, because cod is the most prolific of the fish in our waters and it is the only product of the fisheries which is not subject to any great fluctuation of supply. This is a factor of tremendous importance and value.

The codfishery falls within two branches: the quick frozen product, and the salted product.

Contrary to the opinion often expressed, the Newfoundland fishing industry, which has taken a bad beating, has not taken it lying down. The industry has been revealing the pioneering, gambling spirit which created it and has maintained it for over four hundred years. Within the past eight or ten years Newfoundland business firms, by investment of their own capital, by borrowing from the government, the banks and the public, and by plowing back earnings, have invested between $15 million and $20 million in cold storage and filleting plants, trawlers, refrigeration vessels and equipment, and so forth. It is questionable if one of those plants has paid a dividend in that time. They have earned money, but the earnings have gone back into extensions and for working capital, and some new plants are now under construction. I think it is as good an example of enterprise as you will find anywhere.

All that type of production is dependent on the American market, and will be for a long time to come. How fickle that can be for any article competing with American production we all know. Anyway, Newfoundlanders have had the courage to tackle a progressive job in that field and take their chances, because at least there are not any currency difficulties which, in other fields, is really a nightmare.

After that display of confidence to which I refer, one may reasonably ask: Why is the industry reported to be so depressed? The trouble lies with the old-established branch, the oldest export trade in North America, the salted codfish industry. The number of fishermen employed in that is many times more than in the other branches of the fishery. As a matter of fact, if the present investment in the frozen fish industry were increased several times over, the number of fishermen engaged would be small in comparison with those who have been catching codfish for salting.

The emphasis in my remarks on this subject, of such importance to our province, is laid on the need for the stabilization of the salt codfish industry. If we lose that industry we lose the fishermen. You cannot pull fishermen off the street as you may other workers. They have got to be born and bred at the industry or they are not fishermen.

In this important salt codfish industry, very little money has been invested in modernizing the production and other facilities. In that respect many of those engaged in the trade have come in for criticism. The reason for this lack of investment is obvious. No one has any faith in the maintenance of our position in the foreign markets. In fact we have been losing ground fast, one market after another has been closed or nearly so. With a policy that could be depended on for future years, I am very sure the same enterprise as has shown itself in the frozen fish industry would be shown by those engaged in this more important branch.

For centuries the trade was carried on with many European countries, South America, Central America, the West Indies, areas in Africa, and so on. Since union with Canada, one place after another has become restricted and closed to our fish.

For many years Newfoundland came under the British trading and currency agreements with European countries. That arrangement was called off with Confederation in prospect because, well, Newfoundland's export trade was regarded as a Canadian problem. I, for one, feel that there was plenty of room for fruitful negotiation and bargaining which at the time of union was never pressed—at least,

never pressed as I felt it should have been. As a matter of fact all the thought was given to the set-up of government, its services and finance, and very little emphasis was placed on the fundamental feature of the enforced changes in trade. It is by trade that people live, and that was sometimes forgotten. However, that is another subject and I will not pursue it at the moment.

It is true in our European trade the Italian market has been kept going fairly well, but with open and closed periods, and there has been no sound basis that can be depended on for future policy. A trifle of the product has filtered through to Spain, which formerly was one of our leading markets. Brazil, which was a market for 300 years, has dried up; and so it goes on.

My reason for bringing this out is to show that here is where special consideration and facilities should be provided. For reasons, some of which I have mentioned, the province of Newfoundland in its foreign trade requirements should not be compelled to run to a pattern cut out for dominion-wide trade generally.

Honourable senators, I must ask you to bear with me while I dwell a short time longer on this particular industry, salted codfish. Its importance to Newfoundland justifies a first place in the consideration of the Government of Canada. As I said earlier in this talk, there is a very creditable plan brought out recently for the development of fish production. In our province it attempts to plot the future: so much to the good. The industry is sick. It has now a health program for the future, if it lives. Its survival depends on keeping fishermen continuously at their vocation, which is fishing. That can only be done over the near years by having value behind the only product most of them can handle; that is, salted cod. One of the reasons for this is that they live and fish at a thousand coves and hamlets, and their processing under those circumstances, in the main, can only be by salting.

If we don't put value behind the product by marketing and exchange facilities, the best codfishing grounds in the world will be abandoned by Newfoundlanders and that trade will be carried on by foreign countries, some of which have been our leading customers. When our breed of fishermen goes, the industry dies. The medicine bottle, already labelled, will remain on the shelf.

I can well imagine the reaction to my words being: is the salt codfishery in itself worth saving? We hear that question asked in Newfoundland, but not by informed people. One hears it occasionally up here as well.

I was surprised to notice a comment by a member of the other house from Newfoundland to the effect that our traditional markets are impoverished and we should concentrate on the American continent with its 170 million people. In the first place, some of our markets are not impoverished. The buying power of some of our major markets to the south is well maintained. The difficulty, of course, is the weak foreign trade position of many of the others in terms of dollars.

What is the alternative to the abandonment as hopeless of these long-established markets? It is indeed the concentration on the American market for the product processed in other ways, which in any case will be a slow change-over and we shall lose most of our fishermen in the meantime. If we could work out a permanent policy of liberal trading with the United States—yes, something approaching mutual free trading with that great country—that would be a different matter. We love to talk about the unfortified boundary between Canada and the United States. Don't let us be so complacent as to take such foolishness too seriously. With the clamour for protection in the United States against everything which we and they produce, and a similar clamour going on here extending to trade by trade and item by item, we are waging across the boundary a customs shooting war which is very real. Under present conditions to think in terms of confining a vital trade to the United States, and a trade which is already under great pressure in that country for more protection by tariffs and quotas, is sheer folly.

Getting back to my point: Is the salt codfish trade worth preserving? In effect, here's the answer: The leading producing countries of salted ground fish, mostly cod, are Norway, France, Iceland, the Faroe Islands, Denmark and Canada. In the past three years the .production of those countries .was 1,300,000 tons. For the previous three years it was 1,000,000 tons. The production, therefore, was increased in the past three years by 300,000 tons over the preceding three years, or an average increase of 100,000 tons per year—a lot of fish. That is in addition to the salted fish produced in increasing quantities by Portugal and Spain for their own use right off their own shores.

All that quantity of salted fish has gone into consumption mostly in the markets with which we have been accustomed to deal for centuries and have now lost. Salted codfish is the oldest product of international trade from the western hemisphere, and world trade in it is increasing, notwithstanding all one hears to the contrary. Instead of dying of old age, it is still growing in stature.

Now, what is the comparative position of Newfoundland production? There has been a definite decline in the past three years. Fresh and frozen production has increased to a very moderate degree, but not nearly to the extent that salted fish production has declined. How different is this problem from most others. In most Canadian products, such as wheat, if a surplus exists, it is because of increased production. The codfish industry has its surpluses coincident with reduced production.

For the three years 1947-1949 Newfoundland produced in salted cod 160,380 tons, and in the three years 1950-1952, since we entered union with Canada, the production has been 130,800 tons, or an average decline of 10,000 tons per year.

I will put it this way. Against a world increase in production of 30 per cent over three years there was a decrease of 18½ per cent in Newfoundland production over a similar period.

In presenting these facts I would like to leave with you a background of the relative importance of its fisheries to Newfoundland. The percentage of those employed in fishing, compared with the total gainfully employed in all industries, is greater in Newfoundland than is the percentage employed in any industry or group of industries in any province of Canada except those farming in the Prairie provinces and Prince Edward Island. In fact, according to the last census figures available to me when I was preparing facts for this talk, the number of fishermen in Newfoundland is about the same as all the fishermen of the three Maritime Provinces and British Columbia combined.

Canada's great trading areas, apart from the United States, are not the countries of great significance to Newfoundland in its exports. A very earnest policy of keeping our trade moving, in what have always been our natural markets, should be followed. There is another very special reason for that in the fact that from the countries to which Canadian export trade moves most freely there is very little demand for our type of product. In consequence of this we cannot share proportionately in the Canadian trade with those important markets.

I would like to finish these remarks with a few words concerning United States and Canada trade. For a great deal of my lifetime my business has taken me to the United States many times a year. On this continent is the greatest trading area of the world and certainly potentially and actually of the greatest value to Canada. On our side of the border the development going on is becoming a matter of worldwide interest. With the increasing population to the south, possibly soon to get topheavy, and on our side the great potential growth, the fruits of which our neighbours will need, we and they have a perfect case for mutual understanding and co-operation.

Instead, both sides now are bickering over issues many of which, seen in perspective, are non-essential. I say that both sides are doing this.

Both have everything to gain and nothing fundamental to lose by growing closer and closer together economically. One thing we can be sure of: either we shall either grow closer together, or go farther apart. The present trend is dangerous.

I am glad to hear it announced that an organization on a top level is being set up by both governments to keep policy in respect of trade under review. I am sure that will be of value, but what is needed to augment it is a movement that will stretch from coast to coast in both lands, putting across to the people how we can be of benefit one to the other. United States-Canada Clubs—or call them what you like—hundreds of them, operating everywhere, both here and in the United States, using the press, television and every other agency to create well-informed and well-balanced public opinion about our two countries, would pay off tremendously.

A very useful effort in this direction, at least from the Canadian point of view, was made last year by a body of interested citizens of Canada and the United States. Most of you will recall the programs broadcast under the auspices of the Town Hall of New York, in the course of which twenty absolutely first-class and highly informative addresses were given by leading citizens of Canada. This sort of thing is highly valuable, but it can only touch the fringe of the need.

Our well-developed and highly competent Trade Commissioner service operates effectively; likewise, the similar organizations of the United States perform a highly useful function here. Both, however, operate in a restricted field as far as public knowledge and sentiment are concerned. In education, arts and letters, and possibly scores of activities, we have an intermingling of groups.

But in the economic field, reaching down to the average citizen, I think I can say there is a wall of ignorance between us. There is undoubtedly the will to understand, and there is very generally, I am sure, a full measure of respect one towards the other. With that background we have an ideal setting for the promotion of mutual interest in our trading and economic problems by

organized effort in both countries. That effort must reach the people or it will remain altogether inadequate.

We can never get a solid, sensible basis of trading relations without more understanding of the problems involved by the general public in both countries. There must be a knowledge of how a correlating of interests helps us all. That can only come, as I say, through properly organized and widely spread publicity by press, radio and on the public platform in both countries.

As things are now, on both sides of the border, it is obvious, I am sure, to you all that we are growing into the habit of bickering, but I feel that with widespread organized effort we can correct that and develop together on a much broader and more fruitful plane.

Hon. Mr. Petten: Would the honourable member permit a question? How, would he say, does the quality of fish products in Newfoundland compare with that of our competitors?

Hon. Mr. Pratt: I am glad to be asked that question. Of recent years, average quality has fallen off very considerably, largely because the people generally have been discouraged by the cost of production and the low returns. In Newfoundland we have a distinctive type of quality which we call sun-dried fish. It enjoys a preference in certain markets and, except for a small amount along the Gaspé coast, it is the only product of its type to be found in any fish-producing area. I think honourable senators would be interested to know how sun-dried codfish originated. Around the time of the Spanish Armada, I think it was, a Spanish fishing fleet was proceeding to Newfoundland waters to fish. England was in short supply of salt, so she captured a number of these Spanish vessels and brought them into English ports. The salt was given to English fishing vessels, which proceeded to Newfoundland waters. They found they had not enough salt to treat the codfish according to the approved method of the day, so they light-salted the fish and, after washing it, spread it on beaches and boughs on shore and preserved it by sun drying. That marked the beginning of sun-dried fish. This method was copied by the Portuguese, who shipped codfish to North Brazil, which was then called the Portuguese Dominion of the South.

My honourable friend from Bonavista (Hon. Mr. Petten) asked about the quality of the fish. It is rather a tragedy that our market in North Brazil is almost completely inactive, for it was one of our best markets for that type of fish, which market was started in the period I have just mentioned and has continued ever since. For the past two hundred years Newfoundland has exported sun-dried codfish directly to that country, but we have been unable to ship any substantial quantity in the last three or four years. I have been told directly by importers in that country that the demand is so great that if they had the opportunity of getting import licences and dollars with which to purchase, no other quality would go there except our sun-dried, which they have been used to for generations. They do not want any other quality from other markets. Unless we can keep our fish moving there, that historical preference will die off. In other markets also that quality is considered distinctive. It is very unfortunate that at the present time there is a general falling off in the average standard of quality of codfish, owing to the discouragement caused by low prices and the lack of stability in the trade.

Hon. Mr. McIntyre: May I ask the honourable senator a question? I suppose he is aware that a well-known firm in the United States, the Gorton Pew Company of Gloucester, Massachusetts, buys a great deal of salt codfish from the Maritime provinces. Does he know whether Newfoundland, which he says has a surplus of salt codfish, sells any to that company?

Hon. Mr. Pratt: I am very pleased to answer that question. The Gorton Pew Company does buy the Newfoundland product, which is cured in brine rather than in dry salt. That American firm buys quite actively from Newfoundland.

The Hon. the Speaker: Honourable senator, the question is on the motion of Hon. Mrs. Jodoin—

Hon. W. Ross Macdonald: Honourable senators, before the question is put may I have leave to say a few words? I promise they will not be in rebuttal to anything that has been said during this debate. I would, however, be less than human if I did not tell the house that I deeply appreciated the many complimentary references which have been made to me in my new position as Leader of the Government in the Senate. I have appreciated greatly all that has been said, even if the remarks have been greatly exaggerated. During the last few weeks I have sent marked copies of the Senate *Hansard* to the members of my family, knowing that they will enjoy them and hoping that they will hand them down to their children and to their children's children.

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Honourable senators, having attended the sittings of the Senate

since the opening of the present parliament I feel that I am now one of you. I feel that my initiation is now complete and that what has been said about me here as Leader of the Government has been said on behalf of all honourable senators.

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: I should like to congratulate honourable members on their conducting this debate on a high plane. There has been nothing acrimonious about it. Some honourable members have expressed criticism of what other honourable members have said, and there has been criticism of the government. It is only proper that honourable senators should criticize when they think it necessary to do so, but any criticism I have heard during this debate has been constructive rather than destructive. I can assure you I am happy indeed to be numbered amongst the distinguished citizens who make up this assembly and who serve their country so well.

I have noted the suggestions that have been made during the course of the debate. It was suggested that certain matters should receive the immediate attention of the government, and I have already placed those matters before the government. Some honourable senators suggested that joint committees of both houses be set up for certain purposes, and I have brought those suggestions to the attention of the government and will continue to do so. It was suggested too that certain Senate committees be set up. Those proposals will receive my full consideration, and I shall discuss them with other members of the Senate and with the government, so that such committees as may be appointed can be assured of obtaining the information they desire.

In conclusion, I should like to say once again how much I have enjoyed listening to the speeches in this debate; and I wish to repeat my congratulations to honourable senators on the splendid manner in which the debate has been conducted.

Some Hon. Senators: Hear, hear.

The Address was adopted.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Crerar for the second reading of Bill 6, an Act respecting the Department of Northern Affairs and National Resources.

Hon. W. M. Aseltine: Honourable senators, before I make my remarks on this bill, I would like to say that I think we have listened to a very fine speech from the honourable senator from St. John's West (Hon. Mr. Pratt), and I wish to take this opportunity of congratulating him on his excellent address.

My remarks with regard to the bill before us will be very brief; I might have completed them last night, but it was nearly ten o'clock when I rose to speak and the Leader of the Government (Hon. Mr. Macdonald) was kind enough to say that it would be quite in order for me to adjourn the debate, which I did. At that time I was in the act of congratulating the honourable senator from Churchill (Hon. Mr. Crerar) upon the very comprehensive manner in which he explained the bill. I heard some honourable senators say afterwards that he took a long time to do so, but I thought his remarks were full of meat. No speech of his has ever been too long for me to listen to.

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: The honourable senator gave us a very fine, interesting and instructive lesson in the history and geography of that part of our great northwest which is under discussion. For the benefit of honourable senators who were not present at last night's sitting, may I say he told us that the northern boundary of the provinces of British Columbia, Alberta, Saskatchewan and Manitoba is the 60th parallel of latitude, and that the northwest territory which we are now considering embraces all the land north of that parallel from the eastern boundary of Alaska to Hudson's Bay, and as for north as the North Pole.

Hon. Mr. Crerar: From Baffin Land to Alaska.

Hon. Mr. Aseltine: Well, it is a huge territory anyway. The honourable senator from Churchill did not tell us this, but I understand that it embraces about one and one half million square miles.

My honourable friend also dealt with the principle of the bill. The explanatory note says:

> The purpose of this bill is to redefine the present duties and functions of the Minister of Resources and Development so as to give greater emphasis to his responsibility for the administration and development of the North and for Eskimo affairs.

That briefly is what the bill is for, although it covers other matters as well. There can be little objection to the principle of the bill, and I am not going to speak further in regard to it, except to mention some of the points that the bill covers. Sections 5 and 6 enumerate the duties, powers and functions of the minister, who I think takes the place of the commissioner appointed under the

old act. The minister's powers are quite comprehensive; they are enumerated in eight clauses in section 5, and three clauses in section 6. In my opinion, the principal duties, powers and functions are set out in section 5:

> The duties, powers and functions of the minister extend to and include all matters over which the Parliament of Canada has jurisdiction, not by law assigned to any other department, branch or agency of the Government of Canada, relating to:
> (a) the Northwest Territories and the Yukon Territory;
> (b) Eskimo affairs;
> (c) the forest and water resources of Canada;
> (d) irrigation projects and water power developments;
> (e) the national parks;
> (f) historic places and monuments;
> (g) the archaeology, ethnology and fauna and flora of Canada; and
> (h) tourist information and services.

In my opinion, honourable senators, some of those items do not actually apply to this great northern country; for instance, "tourist information and services". There is very little tourist traffic into the north, except via the Alaska highway and down the Mackenzie river and, of course, by air; so I presume that, in so far as this bill is concerned, tourist information and services have to do with the rest of Canada other than the Northwest Territories and the Yukon Territory.

Referring to clause (e) "the national parks" —and may I say that a bill to amend the National Parks Act is to come before the house for consideration at this sitting—the minister has power over all national parks. The honourable senator from Churchill (Hon. Mr. Crerar) did not say so, but I do not think there is a national park in the Northwest Territories.

Hon. Mr. Crerar: If I may intervene: there is the Wood Buffalo Park, part of which is in northern Alberta and part in the Northwest Territories.

Hon. Mr. Aseltine: I know of the Buffalo Park on the Slave River, but one would not describe it as a national park.

Hon. Mr. Crerar: No.

Hon. Mr. Aseltine: So that the items to which I have referred have nothing to do with that great northern territory I have mentioned. There are, however, many natural resources in that territory. I do not know why this bill employs the term "national resources"; we have always been accustomed to the term "natural resources"; perhaps the framers of the measure thought it well to distinguish the natural resources in this big territory that are under the control of the federal government from the natural resources under the control of the provinces. Probably that can be ascertained when the bill goes to committee.

The natural resources of this territory are stupendous. Let me give one example. Honourable senators have all heard of the great hydro-electric development at Kitimat, in northern British Columbia. There is a similar project in the Yukon, and I am told that by diverting the Yukon river at a place called Talequa through tunnels down to sea level at a place called Taku Inlet, five and a half million horsepower of electricity can be developed. Now, that is a stupendous undertaking, and it is one of the matters that may come up and that the minister may have to deal with after this bill becomes law.

There is one other feature that I am interested in and that is the fact that when this bill becomes law the whole of the northern part of Canada is going to be mapped. Maps are going to be issued covering not only what we have known all along as Canada, and which has been shown on our maps, but including all of the archipelago right to the North Pole. All this will be shown as being part of Canada. I hope that steps will be taken not only to map that country but also to make sure that our ownership of the Arctic islands is fully recognized by the rest of the world.

I have one suggestion to make in respect to this whole matter. I have already explained that this territory is north of the provinces of British Columbia, Alberta, Saskatchewan, and Manitoba. I am informed that the cost of administering the territory is considerable and that there is very little revenue from it, so I am going to suggest to honourable senators that the way to solve this whole problem of looking after the Northwest Territories would be to give them to the provinces that I have mentioned. Give the part north of British Columbia, which extends north to the Arctic ocean, to the province of British Columbia. All the travel out of that country is through British Columbia anyway. Give that part north of the province of Alberta to the province of Alberta. That would take in the Mackenzie river valley. All that territory is adjacent to Edmonton, and all the traffic out of that territory is through the northern part of Alberta. Then, give the part north of Saskatchewan to the province of Saskatchewan, and the part north of Manitoba to the province of Manitoba. These provinces have local legislatures and governments and the set-up is such that they could handle all this business very easily and relieve the federal government of any difficulties or expense in connection with it.

Hon. Mr. Macdonald: Would they not want subsidies for administering the territory?

Hon. Mr. Aseltine: I do not think so. I am quite satisfied on that. In talking to a member of parliament for Alberta today I asked

him what he thought of this idea, and he said "In Alberta we have been anxious to have that done for a long time." I am sure they would not think of suggesting that any subsidy be given to them for the work they would have to do in taking over and administering the territory.

Honourable senators, I understand that the bill is to be submitted to a committee for consideration tomorrow, and I have some questions I would like to ask when the committee sits.

Hon. Mr. Howden: Has the honourable senator the assurance that the provinces are anxious to take on this territory? I have some doubt of it myself.

Hon. Mr. Aseltine: No, I have no definite assurance from the different provinces, but I am quite satisfied that they would be glad to do so.

Hon. Mr. Macdonald: There would be the expense of moving Aklavik.

Hon. Mr. Aseltine: They would not take it over until after such places are moved.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Crerar moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

CHILDREN OF WAR DEAD (EDUCATION ASSISTANCE) BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 27, an Act to amend the Children of War Dead (Education Assistance) Act.

He said: Honourable senators, this amendment is to provide for assistance in the education of a number of children, about twenty-five in all, of members of the armed forces who were killed in the last war. The purpose is to enable these children to continue their education in universities, and the bill provides for payments to the children during the time they are receiving higher education. The bill as drafted originally and passed by this house made provision for continuing allowances to these children after attaining the age of sixteen if they were boys, or seventeen if they were girls, in order that they could go to university. However, there was a provision in the act that application for the allowance must be made before the child is twenty-one years of age. It now turns out that there are about twenty or twenty-five children who were over twenty-one at that time but were attending university. The proposed amendment would enable these children to receive the allowance.

Another amendment in the bill provides for the application of these allowances to children of civilian air raid precaution workers and of voluntary aid detachments workers who were killed during the course of their wartime duties.

In general, I think that covers the bill.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Aseltine: There is no objection to its being read the third time now.

Hon. Mr. Macdonald: Honourable senators, in those circumstances, and with leave of the house, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

NATIONAL PARKS BILL

SECOND READING

Hon. J. Wesley Stambaugh moved the second reading of Bill 28, an Act to amend the National Parks Act.

He said: Honourable senators, the amendments proposed by this legislation are intended to solve certain problems that have arisen out of the administration of our national parks. The purposes of the legislation are clearly set forth in the explanatory note, which I will read:

(a) to empower the Governor in Council to authorize the minister to enter into agreements with a province or any person for the development, operation and maintenance in a park, of public utility services for use in a park only;

(b) to empower the Governor in Council to authorize the minister to enter into agreements with municipalities, water districts and other persons adjacent to a park for a supply of water for domestic purposes;

(c) to provide for rights of way for telephone, telegraph and electrical transmission lines;

(d) to clarify the authority to establish and survey townsites, subdivisions and cemeteries and to make alterations thereto;

(e) to clarify and expand the power to issue leases and licences of park lands and to authorize the issue of certificates for plots in park cemeteries;

(f) to authorize the Governor in Council to make regulations for use of park lands as camp grounds.

Perhaps the most important amendment is the one to enable the Minister of Resources and Development to enter into agreements

with a province or persons for the development and operation of certain public utilities, such as telephone, electric power and gas services, for use in park areas. An example of the need for this particular feature in Jasper National Park, where a company was authorized to build a small power plant on the Astoria River, and has since operated under lease. Our needs in this area have now grown to such an extent that it is considered feasible to allow the company to purchase a plant and extend its present facilities.

Another amendment which seems reasonable is the desirability of allowing certain municipalities or persons to acquire water supplies from the park at a reasonable charge.

Many streams and rivers rise within the park boundaries, and many persons outside the park are dependent on these waters for their domestic supply. Our park operations and developments sometimes pollute these streams and interfere with the natural flow of the water. The amendment now before us would permit those persons to obtain an unpolluted water supply from within the park. The necessary facilities for bringing the water to the park boundaries would be installed by the park's administration and reasonable charges would be made for the water supplied.

Another proposed change in the Act is a provision for issuing permits for the use of camp grounds. The present act makes no provision for the issuing of permits authorizing public use of the camp grounds or for the levying of a charge for lots in the camp grounds. Owing to the large increase in the use of these camp grounds, it has become necessary to have regulations to govern their use. The proposed amendment provides for the Governor in Council to make such regulations so that proper control may be established.

The present act provides for the leasing of lots in townsites for the purpose of residence or trade, and for the leasing of lots in other subdivisions during summer months. Provision is also made for the granting of licenses covering land outside townsites. Lots in townsites are leased for year-around occupancy when used for the purpose of residence or trade, whereas lots in subdivisions are leased for the summer months, and only for the purpose of residence. The granting of licenses for lands in unsurveyed areas is restricted to purposes for the entertainment of visitors outside the townsites. It is proposed to enlarge this authority to include schools, hospitals and churches. Authority is also being sought to grant leases for these purposes rather than licenses, as a lease is a little wider in its scope than is the ordinary license.

Honourable senators, I submit that the changes contemplated in this act appear to be both reasonable and necessary.

Hon. Mr. Aseltine: Before the honourable senator resumes his seat, may I ask him if he is able today to give us any figures indicating the popularity of the national parks. For instance, does he know the number of cars that entered the Waterton Lakes Park or the Riding Mountain Park last year? If he has not the information today, could he obtain it and give it to us when the bill is considered in committee tomorrow?

Hon. Mr. Stambaugh: I would be glad to get that information for use in the committee tomorrow. My knowledge of the parks applies only to those within the province of Alberta.

Hon. Mr. Aseltine: Alberta has three parks.

Hon. Mr. Stambaugh: If Jasper and Banff, which are adjacent to one another are counted as one, we have three parks, namely, Jasper-Banff, Waterton Lakes and Elk Island.

Hon. Mr. Aseltine: The province really has four parks.

Hon. Mr. Stambaugh: That is right. As I say, Jasper and Banff are in the same territory, and for the purposes of our discussion I count them as one.

Hon. A. B. Baird: Honourable senators, I should like to take this opportunity to say a word on the question of a national park for Newfoundland. That Newfoundland should have a national park is, I believe, generally admitted, and I am one of the many who subscribe to the idea with enthusiasm.

One of the chief purposes of a national park is to provide a place of recreation for visitors from other parts of the nation, and hence a park is a national rather than a provincial matter. It provides something that is typically Canadian and to some extent preserves wild life.

I think it is too early to request a national park in Newfoundland because, first, we need better communications between the island and the mainland than we have now; and secondly, we should have a good trans-island road before we lay out a national park. I do think, however, that the idea of a national park for Newfoundland should be agreed upon in principle with the province, and a site selected. I have heard the area around the Terra Nova river mentioned, and I would suggest that the minister take this matter up with a view to selection of a site which would be traversed

by the trans-island road, and inform the provincial authorities whether the federal government could anticipate the development of the park by providing a good road through the proposed area.

Some Hon. Senators: Hear, hear.

Hon. W. M. Aseltine: Honourable senators, I am sure we are all agreed that it would be a fine thing for Newfoundland to have a national park. But as the province owns its natural resources, I believe it would have to furnish a site free of charge to the federal government before a park could be established.

Hon. Mr. Petten: I have discussed this matter with the Government of Newfoundland. They are not only willing, but anxious to give a site for a national park.

Hon. Mr. Aseltine: The honourable senator from St. John's (Hon. Mr. Baird) pointed out that a national park provides an area for the propagation of wild life. I should like to bring to the attention of honourable senators what the Prince Albert Park in Saskatchewan has done in that respect. Though, as the honourable senator from Churchill (Hon. Mr. Crerar) knows, quite a large part of it in the direction of Montreal Lake has been detached, a substantial area remains, and it is just full of wild game. One evening in October of last year I drove there from Prince Albert for the sole and simple reason that I wanted to have a look at the wild animals along the highway. On the way out we counted seventy elk and fifty-four deer, and during the same trip we saw three or four large moose cross the road. The honourable senator from Prince Albert (Hon. Mr. Stevenson) has a summer home up there, and he can bear out my statement that the establishment of that park has been a wonderful achievement in so far as the preservation of wild life is concerned.

I am a little disturbed about one feature of this bill. It anticipates the provision of places of residence, schools, churches, hospitals, cemeteries, and so forth in connection with our parks, and if all these are established we shall have in the parks something akin to urban centers. I do not believe that United States tourists who visit Canada are looking for things like that.

Hon. Mr. Macdonald: But should they not go to church?

Hon. Mr. Aseltine: What they want is the experience of the "wild and woolly" northern parts of Canada that they have heard so much about.

Hon. Mr. Macdonald: Surely the honourable acting Leader of the Opposition (Hon. Mr. Aseltine) would not discourage them from going to church.

Hon. Mr. Aseltine: Well, I won't answer that question.

Hon. Mr. Turgeon: "No comment"!

Hon. Mr. Aseltine: My first visit to Prince Albert National Park was in 1930. At that time there was, it is true, a local plant which furnished electric light and power to the settlement at the south end of Waskesiu Lake, but in effect we were, so to speak, right in the primordial woods, without any of these marks of civilization which I have mentioned, and we had a wonderful time. Were I a resident of the United States who came to Canada particularly to visit some of these parks, I would not want to find them supplied with all the amenities which one commonly meets with across the border; I would hope for a little more wildness, a little more genuine rusticity. So, I suggest, we should not go too fast and too far in matters of this kind: the other side of the question should be looked at. No doubt a working compromise can be arrived at so that, while necessary accommodation will be made available, the wild woods will not be destroyed. I thought there would be no harm in mentioning that point.

Hon. T. A. Crerar: Honourable senators, it is now many years—if my memory is right, more than fifty—since the policy of establishing national parks in Canada was adopted by the Canadian parliament. Since that time parks have been set aside in, I believe, every province excepting Newfoundland, and there can be little doubt that in that respect Newfoundland will soon be in line with the other provinces.

It is a good thing not to lose sight of the original purpose of establishing these parks. It was to secure, for all future time, areas that would not be subject to the developments ordinarily associated with a new, expanding country, but would be kept in their wild state. They were to be areas where the forests should remain untouched excepting under very close supervision, where the lakes and the streams would continue to be as nature created them; and also they were to be important sanctuaries for the maintenance of wild life. Many other countries sacrificed these things in their early stages and have never recovered them.

The honourable acting Leader of the Opposition (Hon. Mr. Aseltine) gave us a moment ago a striking instance of the conservation of wild life as it is found in the park in Northern Saskatchewan. The same is true of the park in Manitoba, where there is probably the largest herd of elk on the North American continent. The Manitoba national park may be a little larger—at any rate it is no smaller—than the Saskatchewan national

park; each of these parks, if my memory serves me, embraces something like fifteen hundred or sixteen hundred square miles.

It is highly important that these places shall be maintained both now and in the future as closely as possible in their natural condition. From time to time proposals for commercial developments in our national parks have been made, but public opinion has always resisted these suggestions. During the last war, in order to guarantee a steady flow of water from the mountains down to the turbines of the Calgary Power Company, which supplied electricity to vital war plants in the Calgary area, it was necessary to change Lake Minnewanka in Banff National Park. This beautiful little lake was accordingly expanded to create a storage reservoir so that water could be fed from it to maintain the level of water in the Bow river necessary for the continuous development of electrical energy. Many people throughout Canada criticized this work, one commentator describing it as a desecration of the park.

Honourable senators, any attempt to commercialize our national parks would vitiate the whole intent and purpose that lay behind the establishment of a national park system. Public opinion is sensitive about this. I hope it will continue to be sensitive and to insist that the original purpose of these parks be maintained and carried out in their administration. That is why I was in some doubt about one or two sections of the bill, but these doubts have been somewhat relieved as the result of discussions I have had with some officers of the department.

May I say that I am at a loss to understand what section 2 of the bill means. I think section 2 of the existing act, with the proposed amendments, should have been printed on the page containing the explanatory notes. It is rather difficult to understand the purport of the amendments without having the original section before you. There does not appear to be anything objectionable about the other sections of the bill. They tend to extend to some degree the powers of the parks administration, and provide for leasing land for the establishment of schools, churches and cemeteries. Permanent centres are developing in the larger parks, but all within the framework of the original intent and purpose for which the national parks system was established. Certain facilities have to be provided in the parks; and many of the parks can be made a source of considerable revenue through wise and prudent administration. No exception can be taken to reasonable charges for the use of certain facilities. Things given for nothing are not appreciated by people as much as things for which they are charged at least something. That is a human axiom. A number of our parks have large reserves of standing timber. Some of these are being harvested by modern methods, but when the administration of the parks came under the old Department of Mines and Resources no one was permitted to put a manufacturing plant of any kind within a park. Timber could be bought and removed from the parks to manufacturing plants outside, and that is as it should be.

I have no doubt that this bill can be fully justified in committee, where I hope it will be sent. That would give us an opportunity to have further clarification on some of the points which to me at least are not very clear.

Honourable senators, I have spoken longer than I had intended. My honourable colleague from Waterloo (Hon. Mr. Euler) has told me that I am getting into the habit of making long speeches. I therefore must conclude.

Hon. W. Ross Macdonald: Honourable senators, I, too, feel that our national parks should remain in their original state to as great a degree as possible. However, honourable senators will realize that it is necessary for some people to live in these parks, and I understand that villages have already been established in a number of them. The honourable gentleman from Churchill (Hon. Mr. Crerar) will correct me if I am wrong, but I am informed that the village of Banff comes under the jurisdiction of the dominion government and is not a separate municipality as are the other municipalities in the province.

Hon. Mr. Crerar: The same is true of Jasper.

Hon. Mr. Macdonald: Thank you for that information. Probably I am correct when I say that all villages within the boundaries of our national parks come under the jurisdiction of the dominion government. Honourable senators will appreciate that it is necessary for these communities to have stores, churches, schools, hospitals and places of entertainment. I think it is well that the question was raised as to whether the parks are not becoming commercialized, for I am sure everyone in this house feels that the parks should remain in their original state as far as possible.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Stambaugh: Honourable senators, before moving that the bill be referred to committee, I would suggest to the acting Leader of the Opposition (Hon. Mr. Aseltine) that possibly some of the people living in our national parks are not so keenly interested in wildlife as he is and would like to attend church services, at least on Sunday. I cannot guarantee that it would do him any good to go to church, but I am sure it would do him no harm.

Hon. Mr. Macdonald: I may say to the honourable senator from Bruce (Hon. Mr. Stambaugh) that I doubt whether his recommendation is necessary, for I have frequently seen the acting Leader of the Opposition in church.

Hon. Mr. Stambaugh: I am glad to hear that. Perhaps I got a wrong impression.

There are two pretty-fair-sized villages in the Jasper and Banff parks, and people live there the year round. The schools, hospitals and churches are chiefly for them, although occasionally tourists might find it necessary to use the hospitals and desirable to attend church.

I move that this bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

DIVORCE PETITIONS AND STATISTICS

REPORT OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 141 to 148, both inclusive, dealing with petitions for divorce.

Hon. W. M. Aseltine, Acting Chairman of the committe, moved that the reports be concurred in.

He said: Honourable senators, I now move that the reports be concurred in, but before the motion is put I wish, on behalf of the Chairman of the Standing Committee on Divorce (Hon. Mr. Roebuck), who is unavoidably absent, to present a preliminary report.

To date 334 petitions have been filed. At the rate petitions are coming in it is expected that fifty or sixty more will be received by December 23, the last date when petitions may be filed. The committee has already disposed of 142 petitions, and seven have been withdrawn. It is expected, therefore, that a probable total of 400 petitions will be disposed of by the end of the session; so that approximately 200 will await disposition when the committee resumes its hearing in the new year.

The motion was agreed to, and the reports were concurred in.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine presented the following bills:

Bill U-3, an Act for the relief of Esther Smilovitch Benjamin.

Bill V-3, an Act for the relief of Shirley Ann Slayton Dubuc.

Bill W-3, an Act for the relief of Grace Mary Harrison Laycock.

Bill X-3, an Act for the relief of Lawrence Druxerman.

Bill Y-3, an Act for the relief of Shirley Catherine Bradley Boyd.

Bill Z-3, an Act for the relief of Ferdinand Nunes, otherwise known as Ferdinand Numes.

Bill A-4, an Act for the relief of Sarah Estephanie Debonnaire Johnson.

Bill B-4, an Act for the relief of Sarah Ida Rishikof Neidik.

Bill C-4, an Act for the relief of Harold Goldstein.

Bill D-4, an Act for the relief of Mary Kathleen Hayes MacDonald.

Bill E-4, an Act for the relief of Dorothy Elizabeth Brewin Lovegrove.

Bill F-4, an Act for the relief of Barbara Jean White Simpson.

Bill G-4, an Act for the relief of Donald George Kirk.

Bill H-4, an Act for the relief of Joseph Wilmott Albert Parmenter.

Bill I-4, an Act for the relief of Margaret Agnes Dupont Legault.

Bill J-4, an Act for the relief of Jack Merson.

Bill K-4, an Act for the relief of Philip George Ralph Anley.

Bill L-4, an Act for the relief of Rebecca Joyce Isobel Hahn Vengroff.

Bill M-4, an Act for the relief of Mary Szabowska Skowron, otherwise known as Marie Szabowska Skowron.

Bill N-4, an Act for the relief of George Arthur Crittenden.

Bill O-4, an Act for the relief of Evangeline Emma Bonner Dancsak.

Bill P-4, an Act for the relief of Reginald George Silversides.

Bill Q-4, an Act for the relief of John Partridge.

Bill R-4 an Act for the relief of Jacques Labonte.

Bill S-4, an Act for the relief of Laura Solow Schwartz.

Bill T-4, an Act for the relief of Leona Kuprasz Veremchuk.

Bill U-4, an Act for the relief of Mary Bernice Patricia Mullins Coristine.

Bill V-4, an Act for the relief of Evelyn Saxe Harris.

Bill W-4, an Act for the relief of Catharina Elizabeth van de Casteel Fortune.

Bill X-4, an Act for the relief of Hazel Viola Christena Darey Moore.

Bill Y-4, an Act for the relief of Leontine Pelletier Lamothe.

Bill Z-4, an Act for the relief of Lillian Hazel Welch Alexander.

Bill A-5, an Act for the relief of Therese Perrier Langlois.

Bill B-5, an Act for the relief of Anita Eleanor London Lewy.

Bill C-5, an Act for the relief of Norma Patricia Cooke Campbell.

Bill D-5, an Act for the relief of Alexandra Morgoci Cucu.

Bill E-5, an Act for the relief of Daisy Helen Dean Harpes.

Bill F-5, an Act for the relief of Gerald Gaudet.

Bill G-5, an Act for the relief of Genevieve Mary Emily McGuire Carragher.

Bill H-5, an Act for the relief of Sydney Silverman.

Bill I-5, an Act for the relief of Joseph Lucien Nadon.

Bill J-5, an Act for the relief of Patricia Louise Noseworthy St. Laurent.

Bill K-5, an Act for the relief of Joseph Octave Leopold Richer.

Bill L-5, an Act for the relief of George Gerald Patterson.

Bill M-5, an Act for the relief of Marcel Berube.

Bill N-5, an Act for the relief of Gertrude MacDonald Watt.

Bill O-5, an Act for the relief of Claire Pierrette Desrochers Dixon.

Bill P-5, an Act for the relief of Fernand Laurin.

The bills were read the first time.

SECOND READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, now.

The motion was agreed to and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Aseltine: With leave of the Senate, I move the third readings now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, December 16, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES BILL

REPORT OF COMMITTEE

Hon. Cyrille Vaillancourt presented the report of the Standing Committee on Natural Resources on Bill 6, an Act respecting the Department of Northern Affairs and National Resources.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Natural Resources, to whom was referred the bill (6 from the House of Commons) intituled, "An Act respecting the Department of Northern Affairs and National Resources," have in obedience to the order of reference of December 14, 1953, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Honourable senators, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

NATIONAL PARKS BILL

REPORT OF COMMITTEE

Hon. Mr. Vaillancourt, Chairman of the Standing Committee on Natural Resources, presented the report of the committee on Bill 28.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Natural Resources to whom was referred the bill (28 from the House of Commons) intituled: "An Act to amend the National Parks Act", have in obedience to the order of reference of 15th December, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Honourable senators, I move the third reading now.

Hon. Mr. Stambaugh: Honourable senators, before the bill is read the third time I should like to supply the house with certain information about our national parks. Yesterday I was asked by the acting Leader of the Opposition (Hon. Mr. Aseltine) if I could give any figures indicating the popularity of the national parks, as for instance the number of cars that entered the Waterton Lakes Park or the Riding Mountain Park last year.

I was able to obtain the number of visitors to nine of our national parks during the 1953 tourist season, April 1 to October 31.

The figures may not be entirely accurate, for I am informed the wardens in those particular parks are not able to keep an exact count.

Hon. Mr. Isnor: Does the Fundy National Park appear on that list?

Hon. Mr. Stambaugh: Yes. I was also able to obtain the number of cars as well as the number of visitors entering seven other of our national parks—Banff, Riding Mountain, Kootenay, Waterton Lakes, Elk Island, Jasper, and Prince Albert—in the same tourist season. Some parks do not keep count of their visitors, so I have no figures relating to those parks. With the consent of the Senate I would suggest that the statement I have here be placed in *Hansard*.

Some Hon. Senators: Agreed.

NUMBER OF VISITORS TO THE NATIONAL PARKS FOR PERIOD APRIL 1 TO OCTOBER 31, 1953

National Park	Number of Cars	Number of Visitors
1. Point Pelee	not stated	417,375
2. Prince Edward Island	not stated	145,827
3. Fundy	not stated	109,296
4. St. Lawrence Islands	not stated	32,937
5. Cape Breton Highlands	not stated	32,191
6. Yoho	not stated	22,216
7. Georgian Bay Islands	not stated	14,225
8. Mount Revelstoke	not stated	13,177
9. Glacier	not stated	479
10. Banff	156,445	584,702
11. Riding Mountain	129,245	436,344
12. Kootenay	64,683	219,485
13. Waterton Lakes	55,467	207,533
14. Elk Island	40,983	172,232
15. Jasper	32,786	129,411
16. Prince Albert	31,760	118,720
Totals	511,374	2,656,150

The motion was agreed to, and the bill was read the third time, and passed.

STAFF OF THE SENATE

SIXTH REPORT OF INTERNAL ECONOMY COMMITTEE CONCURRED IN

Hon. A. L. Beaubien, Acting Chairman of the Standing Committee on Internal Economy and Contingent Accounts, presented and moved concurrence in the sixth report of the committee.

The Clerk Assistant reading:

Your committee have in obedience to the order of reference of December 15, 1953, considered the following report from Civil Service Commission:

Some Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Beaubien: Honourable senators, as the Senate will probably adjourn today for the Christmas recess I would move, with leave, that the report be concurred in.

Hon. Mr. Davies: I do not wish to object, but we have not heard the report read, and therefore we do not know its contents. A similar thing happened last year.

Hon. Mr. Beaubien: In brief, the situation is this. The Civil Service Commission has recommended for approval revisions in salary ranges of Senate employees who come within the Civil Service Act, and the committee recommends that these revisions be approved.

Hon. Mr. Macdonald: The report of the Civil Service Commission appears in yesterday's *Minutes of the Proceedings.*

Hon. Mr. Davies: I had not noticed that the figures were given in the Minutes. Have these figures been passed by the committee without any amendment at all?

Hon. Mr. Beaubien: Yes.

Hon. Vincent Dupuis: Honourable senators, I wish to inquire about two items in the report. At the top of page 149 of the Minutes the present and the proposed salary ranges for the Chief of English Minutes and Journals are shown. It is proposed that the present minimum salary for this position, $5,240, be increased to $5,760; and that the present maximum, $5,900, be increased to $6,490. Immediately beneath that item are the present and the proposed salary ranges for the Chief of French Minutes and Journals. The present minimum for this position is $4,520, which it is proposed to increase to $4,970; and the present maximum is $5,180, which it is proposed to increase to $5,690. That is to say, the proposed maximum salary for this position is $800 less than the proposed maximum for the corresponding English position. I cannot see why that discrimination is made. I quite appreciate that most of the debates in this house are spoken in English, but the French staff has to remain on duty for the same length of time as the English staff. Possibly the mover of the motion (Hon. Mr. Beaubien) will reply that these recommendations have been made by the Civil Service Commission, but I am sure that he will agree with me that parliament is supreme in such matters. In my humble view it is not a very safe policy to make such discrimination between French and English employees.

Some Hon. Senators: Question.

Hon. Mr. Dupuis: I would like to have an answer, Mr. Speaker. It is all right to shout "Question", but I am still without an answer.

Hon. Mr. Beaubien: The answer is this: The Civil Service Commission has recommended a revision of salaries, as specified in the report; and the reason why the Chief of French Minutes and Journals receives a lower salary than the Chief of English Minutes and Journals is, as I understand it, that the Chief of English Minutes and Journals has a great deal more work to do. That is the only answer.

Hon. Mr. Dupuis: Well, the Chief of French Minutes and Journals spends the same amount of time on duty here as the Chief of English Minutes and Journals. Mind you, I have no objection whatsoever to the increase. There is no question of prejudice or anything of that nature in my mind. Those who know me know perfectly well that I believe there is only one kind of citizen in this country, and that is a Canadian citizen. If we agree to the principle that all citizens of this country are on the same footing, that we are all Canadians, then there should be equal treatment for everybody. Our fellow-citizens of the English language deserve great credit, and I lift my hat to them for the big part they have played in the development of this country, in making it what it is today; but when we are so anxious to build up a united nation, without any differences whatsoever between our people, why is there such discrimination as is disclosed in this report?

Honourable senators, I think it is high time for us to make it plain to the whole country and the rest of the world that Canada has set itself up as an example of a country in which everybody lives in harmony and concord, and justice is done in equal measure to all citizens. I submit that at a time when so much trouble in the world is being caused by discrimination and racial prejudice, we should be very careful to see that there is no discrimination against any of our citizens, especially within the body of this parliament. We shall be setting a very bad example if we continue such discrimination as is revealed in this report. Let there be no prejudices. Let there be fairness to all. We should now make a firm decision and return these recommendations for salary increases as reported in the *Minutes of the Proceedings* to the Civil Service Commission,

asking that English and French positions which are in the same category—as are the two that I have mentioned—be placed in the same salary range.

Hon. Mr. Davies: Honourable senators, I do not want to delay this matter. I am not a member of the Internal Economy Committee, and in any event I could not have attended its meeting this morning as I was at another committee meeting. I have not read this report, and therefore have no criticism to offer on it whatsoever. I just want to ask, for my own information, what the accepted procedure is. Does the Civil Service Commission recommend increases and the Internal Economy Committee automatically pass them? Has the committee any authority over the matter at all?

Hon. Mr. Beaubien: None whatever. The procedure in cases of this kind is that the Civil Service Commission makes certain recommendations, which the government may adopt, amend or reject. The government has accepted the commission's report which was referred to the Internal Economy Committee, and the committee adopted it unanimously.

Hon. Mr. Davies: Thank you; that is quite satisfactory.

Hon. Mr. Vaillancourt: Honourable senators, I wish to say that I share the sentiments expressed by my colleague from Rigaud (Hon. Mr. Dupuis). I too feel that the Civil Service Commission in its recommendations should show no discrimination and cause no friction between the two races in the matter of salaries.

The Hon. the Speaker: The question, honourable senators, is on the motion of Hon. Mr. Beaubien that, with leave of the Senate, the report of the Standing Committee on Internal Economy and Contingent Accounts be concurred in now. Is it your pleasure to adopt the motion?

Some Hon. Senators: Carried.

Hon. Mr. Dupuis: Honourable senators, I believe the opinion I have expressed is shared not only by all Canadians of French origin but also by a large number of our English-speaking friends, and I deem it is my duty to object to the adoption of this report now. The Civil Service Commission and the members of this house will, I hope, ponder over what I have said about the injustice of this discrimination in salaries.

The Hon. the Speaker: Honourable senators, as this report can be adopted only with the unanimous leave of the Senate, in view of the objection raised the order must stand.

Hon. W. Ross Macdonald: Honourable senators, before the house decides to allow this order to stand, may I point out that if the report is not adopted today the officials and employees of the Senate will not receive their pay increases until well after Christmas—perhaps not until sometime in February.

As I understand the remarks of the honourable senator from Rigaud (Hon. Mr. Dupuis), they are to the effect that he would like what he has said to be brought to the attention of the Civil Service Commission. I do not think he would want to delay the adoption of the report and thereby deprive the Chief of French Minutes and Journals of even the increase in salary that the report recommends.

I can assure my honourable friend that if the report is adopted now his remarks will be brought to the attention of the commission.

Hon. Mr. Dupuis: Honourable senators, with the explanation of our distinguished leader and his promise that my suggestions will be brought forward and recommended to the Civil Service Commission for immediate consideration, I would have no reason for holding up the passage of this report today. I am sure that if this matter is treated seriously the proper increase in pay can be made retroactive to the effective date. At any rate, I bow to the suggestion of my leader, and, with the assurance he has given me, I have no further objection to the adoption of this report.

Hon. Mr. Vaillancourt: Honourable senators, I too withdraw my objection, after the explanation given by the honourable leader.

The motion was agreed to, and the report was concurred in.

SEVENTH REPORT OF INTERNAL ECONOMY COMMITTEE CONCURRED IN

Hon. A. L. Beaubien, Acting Chairman of the Standing Committee on Internal Economy and Contingent Accounts, presented and moved concurrence in the seventh report of the committee.

The report was read by the Clerk Assistant.

Hon. Mr. Davies: May I inquire of the honourable senator whether this report relates to a five-day or a six-day week?

Hon. Mr. Beaubien: Seven days. By this report it is intended to grant to the temporary employees of the Senate the approximately ten per cent increase which has been granted to the permanent employees. That is the whole purpose of the report. Temporary employees do not come under the Civil Service Commission.

Hon. Mr. Hugessen: Do I understand my honourable friend to say that these *per diem* rates are for seven days a week?

Hon. Mr. Beaubien: Yes.

Hon. Mr. Hugessen: That makes a great difference.

Hon. Mr. Davies: Do the employees work seven days?

Hon. Mr. Lambert: No. I think it should be clearly understood that this report is simply to automatically confirm a statement made by the Minister of Finance three days ago, to the knowledge of as well as for the information of the whole world. All we are doing is confirming the statement that was put out by the Minister, accepting recommendations of the Civil Service Commission. The details in so far as they relate to the Senate are set down in the Orders of the Day for the purpose of showing what part of the total appropriation is devoted to the Senate. If anybody disagrees with the report I would suggest that he take up the matter with the Minister of Finance and the government.

Hon. Mr. Davies: I do not want the honourable senator from Ottawa (Hon. Mr. Lambert) to be worked up, to have his blood pressure raised, and all that sort of thing: I merely asked a question because I wanted information. In the preceding instance when increases were recommended the Clerk Assistant started to read the report, somebody said "Dispense", and I—perhaps negligently—did not look at the printed report in the Minutes and therefore did not know what it contained. Probably "all the world" knows what the Minister of Finance said, but unfortunately I did not read it. It is too bad.

Hon. Mr. Howard: And the honourable senator is a newspaper man!

Hon. Mr. Davies: But surely a senator is entitled to ask for information without having a lecture read to him by a representative of the government.

The motion was agreed to, and the report was adopted.

DIVORCE PETITION

REPORT OF COMMITTEE CONCURRED IN

Hon. W. M. Aseltine, Acting Chairman of the Standing Committee on Divorce, presented the Committee's report No. 149, dealing with a petition for divorce.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Aseltine: With leave, I move that the report be now concurred in.

The motion was agreed to.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. Aseltine: Honourable senators, could the Leader of the Government (Hon. Mr. Macdonald) inform the house what legislation we may expect from the other house before we adjourn for the Christmas recess? Could he also advise us when the adjournment will take place, so that we may make our train reservations and other arrangements?

Hon. Mr. Macdonald: Honourable senators, I cannot say definitely what further legislation we shall receive before adjourning for Christmas, but I am informed that the bill to amend the Customs Act, which is now being considered in the other place, may come to us this afternoon. I hope that if it does we can deal with it later today. When our business has been completed this afternoon I shall move that the Senate adjourn during pleasure, to reassemble at the call of the bell.

For the Christmas recess I intend to move that the Senate stand adjourned until January 19. I believe the other house will adjourn until January 12, so our holiday period will extend one week beyond theirs.

Hon. Mr. Aseltine: Does the honourable senator expect to have Royal Assent before adjourning?

Hon. Mr. Macdonald: It is expected that Royal Assent will take place this evening; otherwise we shall meet tomorrow.

PRIVATE BILL

ASSOCIATED CANADIAN TRAVELLERS—SECOND READING

Hon. J. Wesley Stambaugh moved the second reading of Bill T-3, an Act respecting the Associated Canadian Travellers.

He said: Honourable senators, I should like to give a brief resume of the aims and objects of the Association of Canadian Travellers. This association was formed in Calgary in 1919, and in 1921 the federal government granted it a charter with power to issue charters to subsidiary clubs or branches throughout the whole of Canada.

The primary purpose of the organization was to form clubs across the country, whose members could get together at regular intervals for social activities, discuss their mutual problems and get better acquainted with each other. But as the years have passed a much wider view has been taken of the duties and responsibilities of the clubs, and in February, 1932, the association embarked on a plan of accident insurance for members only. In

1936 the association applied to the Board of Railway Commissioners for authority to issue commercial certificates to its members giving special rates on railway fares. The permission was granted, and since that date this privilege has been available to all members who comply with the railway companies' regulations. A special insurance policy was arranged to accompany the commercial certificate. In 1938 the association's Dominion Council approved the principle that the association should carry its own insurance; and by special Act of Parliament, passed in 1939, authority was granted to the association to carry its own insurance.

The association has 36 branches across Canada with a total of 4,651 members. Both the accident and death insurance plans are available to all members. During the past five years the association has paid death claims amounting to, in round figures, $9,000 per year. The amount paid out for accident insurance during the past five years has been approximately $13,000 per year, making a total of approximately $23,000 of insurance paid out annually by this association.

Honourable senators, the amendments to this bill are few but they are important. Section 4 of the present act begins in this way:

Any white male person over the full age of eighteen years may . . .

The word "white" is being deleted, to remove the racial discrimination at present in this section.

Section 5 (1) (d) (ii) of the act reads as follows:

A personal accident and sickness fund for providing benefits in the event of death from any cause whatever, or of injury by accident of a member and for providing indemnity during the incapacity of a member arising out of accident or sickness.

It is proposed to delete the four words "from any cause whatever" from this section, because the intention is that benefits from the fund should be paid only in cases of accident resulting in death. I understand it was the Superintendent of Insurance who asked that these words be deleted.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Stambaugh moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

Hon. Mr. Macdonald: Honourable senators, I would move that the house do now adjourn at pleasure, to reassemble at the call of the bell.

The motion was agreed to, and the Senate adjourned during pleasure.

At 6.05 p.m. the sitting was resumed.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Honourable senators, I find, on inquiry, that the bill to amend the Customs Act has been reported by the Committee of the Whole in the other place, and is now being considered for third reading. I am also informed that the bill will probably receive its third reading there shortly after eight o'clock tonight.

I think it is still hoped that the Royal Assent to certain bills will be given tonight and that we shall be able to adjourn for the Christmas recess.

I move that this house adjourn during pleasure, to reassemble at the call of the bell, at approximately 8.30 p.m.

The motion was agreed to, and the Senate adjourned during pleasure.

At 8.30 p.m. the sitting was resumed.

THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received a communication from the Secretary to the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 9.30 p.m., for the purpose of giving the Royal Assent to certain bills.

CUSTOMS BILL

FIRST READING

A message was received from the House of Commons with Bill 29, an Act to amend the Customs Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

SECOND READING

Hon. W. D. Euler moved the second reading of the bill.

He said: Honourable senators, I move the second reading of this bill with a certain degree of reluctance, because ordinarily we do not give a bill the first and second readings at the one sitting, and it may be that members do not desire to do so in this instance. However, I believe it is desired

that the bill be passed and given Royal Assent this evening. The amendment which this bill provides is, as a matter of fact, already in force.

Before I enter upon a brief explanation of the bill, perhaps I might describe what is usually known as the anti-dumping clause of the Customs Act. Under that clause imports can come into this country at any price whatsoever, so long as the goods are not sold in Canada at a price lower than they are sold at in the country of origin. For example, a manufacturer, we will say in the United States, has a large inventory on hand, or perhaps he has sold the greater portion of his manufacture and has some ends and so on left. Those goods he can afford to sell, no matter what they cost. He can sell them at less than cost in Canada so long as he is also selling them at that price in the United States. That system has resulted, as I think you all know from the press, in creating what might be described as a condition of distress among manufacturers in this country—more particularly, I think among the textile manufacturers—and has led and is leading to a good deal of unemployment.

Therefore, it is now desirable to amend the act in such a way that goods cannot be sold in this country by the foreigner at these low distress prices. The method which it is proposed to adopt, as you will see if you have the bill before you, is this:

> . . . where the market price of any manufactured goods in the country of export has, as the result of the advance of the season or the marketing period, declined to levels that do not reflect in the opinion of the minister their normal price, the value for duty shall be the amount determined and declared by the minister to be the average price, weighted as to quantity, at which the like or similar goods were sold for consumption in the country of export during a reasonable period, not exceeding six months, immediately preceding the date of shipment of the goods to Canada.

This means that before a foreign manufacturer will be able to send his goods over to Canada and sell them at a reduced price, he must have sold them at a similar price in the country of origin; and the price for duty purposes shall be the average selling price in the country of origin over a period not exceeding six months. The thought behind the proposal is, I suppose, that no manufacturer abroad—in the United States for instance—could afford to sell his goods over a period longer than six months at anything approaching a slaughter price, and that by taking the average price over the preceding six months period one would be apt to arrive at what might be called the normal price.

Honourable senators, that is the sole purpose of this bill.

Some Hon. Senators: Hear, hear.

Hon. W. M. Aseltine: Honourable senators, I have been waiting a very long time for what I regard as a splendid opportunity, and I feel I must make a few remarks at this time. I am indeed surprised to find my old free-trader friend from Waterloo (Hon. Mr. Euler)—

Some Hon. Senators: Hear, hear.

Hon. Mr. Euler: Where did you get that idea?

Hon. Mr. Aseltine: —sponsoring a protectionist measure of this kind in the Senate. Apparently he has been converted, or has to some extent changed his mind, and much to my surprise, has chosen to play this role.

Honourable senators, for as long as I can remember, through election after election during the past fifty years, the honourable senator from Churchill (Mr. Crerar) has been travelling over the provinces of Manitoba, Saskatchewan and Alberta preaching the doctrine of free trade.

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: I am sure he is in complete opposition to this measure, and that he will stand up on his feet tonight and say so.

Hon. Mr. McLean: He will do it all right.

Hon. Mr. Aseltine: That is a challenge to the honourable member from Churchill. As a result of the free-trade speeches he made all over western Canada, the people out there voted more or less solidly Liberal, and in election after election they sent to Ottawa a member of parliament who came here to fight for free trade. But from other parts of Canada, particularly the central provinces, there came Liberals who belonged more or less to the protectionist class; and so the Liberals who came from the west advocating free trade never really got it. In other words, the Liberal party preached free trade in the West, but when it came to making decisions in Ottawa, they practised protection.

Then I have on my side quite a number of friends from the Maritimes: for instance, there is the honourable senator from Queen's-Lunenburg (Hon. Mr. Kinley), another great free-trader, as is my honourable friend from Southern New Brunswick (Hon. Mr. McLean). Several honourable members from Prince Edward Island and Newfoundland also advocated free trade. But when they came to Ottawa all they found in practice was protection. Although the amount of protection imposed may vary, the representatives of those who in the eastern and western parts of this country are required to buy in a protected market and sell in an unprotected

market, and who arrived here with the impression that free trade would be the policy of the government they supported, were soon disillusioned; and I think I can safely say that that policy has never been implemented.

When I examined this bill and realized just what it means I said to myself "Shades of R. B. Bennett!", because legislation which the Bennett government passed, and which is still on the statute books, is practically the same as the present bill: the difference, I am advised, is very slight.

For the information of honourable senators I may give a synopsis of the law as it stands and the law as passed by the Bennett administration. The relevant section is to this effect, that if the government is satisfied that goods, other than those subject to the British preference, are being imported into Canada "under such conditions as prejudicially or injuriously to affect the interests of the Canadian producers or manufacturers, the Governor General may authorize the minister to fix a value for duty of any class or kind of such goods, and notwithstanding any other provisions of this act the value so fixed shall be deemed to be the fair market value"; and the value so fixed was subject to no appeal. Under the bill that we are now asked to pass there is no appeal from the minister either. So, I repeat, if there is any difference between the present act and the bill before us, it is merely one of degree. The intent is the same. It seems to me that this bill merely brings to light the attitude of the Liberal party all through the years, and I shall expect the free traders in this house to get up and oppose this legislation.

Hon. Mr. Euler: Are you in favour of it?

Hon. Mr. Aseltine: I would leave the Customs Act as it now stands on the statute books.

Hon. T. A. Crerar: Honourable senators, I can assure the acting Leader of Her Majesty's Loyal Opposition in the Senate (Hon. Mr. Aseltine)—whose party seems to be reduced to an infinitesimal point at this moment—that he is entirely mistaken if he imagines I am taking part in this debate as a result of his challenge. The honourable senator made some reference to my political past and to the trade principles that I have advocated from time to time. Let me assure him that I have not changed those principles.

Hon. Mr. Aseltine: Hear, hear.

Hon. Mr. Crerar: I still believe that an expanding trade is good for our country and that it is unfortunate if anything stands in the way of that trade. Great as my efforts have been in the past, I have never been able to convince my honourable friend opposite (Hon. Mr. Aseltine) of the soundness of my theories.

Honourable senators, I have a few observations to make about this legislation. It is a matter of regret that this bill comes to us only twenty minutes before nine o'clock on the night that the Senate is to adjourn for the Christmas recess. This is an important piece of legislation and we should not be placed in the position—and this is not a criticism of the Leader of the Government in the Senate (Hon. Mr. Macdonald)—where we have to give important legislation hasty consideration. The honourable member from Waterloo (Hon. Mr. Euler) explained the principle of the dumping duty; that is, if a manufacturer in the United States, say, offers goods for sale in Canada at a lower price than he was selling them in the United States, that is considered to be dumping the goods into Canada. It is well worth recalling that this principle has been in our tariff structure for well over fifty years. It was first introduced into parliament by the late Honourable W. S. Fielding when he was Minister of Finance in Sir Wilfrid Laurier's first government.

Now we are to have a new basis for determining whether or not goods are being dumped into Canada. The new basis is that in the discretion of the minister—and it will be observed in this section of the bill that the minister is given pretty wide powers—the value for duty purposes can be taken as an average of the price of the goods in the country of export, going back over a period of six months. That means that if goods were selling at say, 100 and they declined to 50, within six months, the minister could take an average of 75 for duty purposes. If there were a limitation to this departure in matter of time it might be less objectionable; but, honourable senators, this amendment will shortly be embedded in our tariff structure—for I have no doubt the amendment will be passed here—for all time.

Hon. Mr. Euler: Not necessarily.

Hon. Mr. Crerar: My friend the honourable senator from Waterloo says "not necessarily", but I have no expectation that the measure will be changed in the foreseeable future. I want to emphasize that this change will be fundamentally the basis for value under the anti-dumping law, and henceforth the basis for value will be, not the price for which the goods are sold in the country of export, but the average price in that country going back for a period of six months. This will apply not only to textiles but to all other classes of manufactured goods imported into Canada, so that the effect of the amendment,

if I understand the section aright, will be to raise the average price on which the dumping duty applies. I do not think that is a sound provision, and certainly I do not for a moment think that we should be asked to approve it in the matter of a few hours.

An Hon. Senator: Hear, hear.

Hon. Mr. Crerar: We should have an opportunity for consideration in committee, with officers of the department present to explain how they propose to apply the amendment. In that way we would have something on record.

Of course, I realize, as I think everyone else does, that perhaps this is a trend of the times, and that the day is gone when lower tariffs were advocated as the means of increasing production and expanding trade in Canada. We live in a period, or an age, of selfishness, when it seems that everyone is coming to the government for assistance and, as I said the other day, demanding that the government solve his problems. The farmers of Canada, for the most part, who have always suffered and still do and always will suffer under a protective tariff, are in some instances seeking protection for a certain industry and urging the government to impose duties against the admission of oils and fats that go into the manufacture of margarine, or are applying for protection against the importation of vegetables, fruits, and other food commodities.

This bill gives encouragement, further encouragement, to any interests which suffer to come and lay their troubles on the doorstep of the government and demand that the government do something about them. Now, there is probably no matter that has been more thoroughly discussed in the last few years than our expanding trade and the need of expanding trade. There has not been an international conference called that has not discussed the need of an expanded world trade. Certainly it is necessary, and especially for a country like Canada, which has to export anywhere up to probably twenty-five per cent of her production. It is vital that our trade expand and grow. Now, how are you going to expand trade on the one hand if, on the other hand, you take steps to prevent the importation or make more difficult the importation of goods into Canada by which our exports can be paid for? The whole thing is entirely inconsistent, and that brings me to this criticism: that there is apparently no principle at all guiding public policy in these matters, and it may well be that the absence of a sound policy will ultimately land us in chaos. I repeat that we should have more time to consider this matter, to call witnesses, to explore, to find out what its significance is and what it may lead to. But we won't do it; we shall pass the bill. And, in closing, may I just say that this is the sort of thing that brings this house into disrepute throughout the country.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: If we take important matters like this and pass them through in order to rush home at midnight or tomorrow, we cannot escape criticism; and as far as I am concerned I am bound to say that I think the criticism will be well deserved.

Hon. John J. Kinley: Honourable senators, it was not my intention to say anything with regard to this bill, but the acting Leader of the Opposition (Hon. Mr. Aseltine) has done me the honour to refer to me as one of the Maritime free traders and he wonders what I have to say about the bill. That is rather a challenge that I do not feel like letting go by without saying a word or two. I had thought that this old shibboleth of free trade had passed in this country and other countries many years ago. The acting Leader of the Opposition wants to know where I stand. I want to tell him that I stand for the freeest kind of trade that is advantageous to our country. I am for Canada first, and I want our workmen to have fair competition so that they can make a living under conditions that will not put them at too great a disadvantage.

Elements of control occur in all our trade agreements. When we suggested a reciprocity treaty with the United States many years ago, the proposal was turned down by my friends. They wanted "No truck or trade with the Yankees". You recall that, there was a provision in that proposed treaty that if our money went up or down a certain per cent in relation to United States currency, or if we subsidized a product, countervailing duties would be imposed on our goods and they could not be exported to the United States.

This anti-dumping clause has been in the law for many years. To conform to this provision in the law, foreign-made goods must be sold in Canada at a price equal to the price charged under like conditions in the country of origin. If a foreign manufacturer has surpluses and dumps his goods into Canada, that creates a condition which is not good for the internal and economic affairs of this country, and I think that condition has been envisaged: it has been considered in the making of most trade agreements. The unusual condition that exists today is one that the government should keep an eye on. After all, this is only a homeopathic dose, it is nothing to worry about; it simply means that foreign manufacturers are not going to be

permitted to dump their goods into Canada at unreasonably low prices fixed solely for the purpose of getting rid of surplus goods regardless of cost.

Honourable senators, we talk about tariffs and protection, but to my mind tariffs are only a minor item in the trade of today. What worries me is how we are going to trade with countries who have no money with which to pay for our goods, or whose currency has been deflated to the point where they cannot afford to buy from us. That is a most effective kind of protection. Beyond that, there are countries such as Great Britain and Australia which deliberately prohibit certain importations. I did not hear my honourable friend get up and say that was against Liberal policy. No; that is against world policy. For how can Canada be a free-trade country in a protectionist world? We want to trade with the other countries; we have to do it on a scientific basis, and it takes the best brains in our country to see to it that it is done in the most effective way.

Hon. Mr. Aseltine: I have always said that you were coming around to my point of view.

Hon. Mr. Kinley: The Tory party always wanted protection and high tariffs; yet, a few years ago they went to Manitoba, chose a free trader as leader and they preached free trade. But it did not get them very far in this country, because the people did not want an imitation. The net result was that the Liberal party continued to lead and is still leading today. Honourable senators, we have been promoting the best trade we could have in the interests of our country, and that is as far as anybody can go. Certainly, we cannot trade when the cards of protectionism are stacked against us. For instance, only the other day the United States proposed an arrangement that was submitted to, by which the entry of our oats into the United States—yes, oats from my friend's part of the country, western Canada—was restricted. We agreed to such an arrangement because it was the best deal we could make.

I know we have people who want to give away everything that we possess, regardless of the terms, but I am not in favour of that type of trading. In my opinion, this bill contains a wise provision which will keep people employed in our country and help to maintain our general economy.

Some Hon. Senators: Hear, hear.

Hon. Mr. Euler: Honourable senators, may I say a few words in reply to one or two points raised by the acting Leader of the Opposition (Hon. Mr. Aseltine)?

The Hon. the Speaker: May I remind honourable senators that if the honourable senator from Waterloo (Hon. Mr. Euler) speaks now, he will close the debate.

Hon. Mr. Barbour: Go ahead.

Hon. Mr. Euler: I should also like to draw attention to some points raised by my friend and revered deskmate (Hon. Mr. Churchill), the great free trader.

Some Hon. Senators: Hear, hear.

Hon. Mr. Euler: It is somewhat of a surprise to hear the acting leader opposite describe me as a free trader. As a matter of fact, I have the reputation of being a high-tariff man—which, by the way, I never was. It is true, however, that at one time when I was in the House of Commons I voted in opposition to a Liberal budget which reduced tariffs, for the reason that I thought it showed discrimination—and I don't like that discrimination, for more than one reason. Ever since I voted against the government on that occasion I have been known as a high-tariff man or a protectionist.

In theory, I am just as much a free trader as is my friend from Churchill (Hon. Mr. Crerar), and I believe that when other countries impose high tariffs against our goods the least we can do, in fairness to our own people, is to show a little bit of preference in our own market. That is as far as I ever go.

Some Hon. Senators: Hear, hear.

Hon. Mr. Euler: My friend from Churchill thinks this bill is a radical departure from accepted policy; but I say it is the most natural thing in the world. As I explained briefly a moment ago, we have an anti-dumping law; and at least foreigners cannot sell their goods in this country at a price lower than the goods command in the country of origin. Surely this is not a case of increasing tariffs. It is merely getting at the true basis of valuation of goods coming into Canada by taking their average selling price over a period of six months. We know that a manufacturer in the United States, for instance, may for a few weeks or less sell his goods at a certain price, and then, finding that he had a surplus, decide that it is to his benefit to sell those goods at any price, however low. The same course is followed by the merchant who, because goods on his shelves have become shopworn or gone out of style, is reduced to selling them at less than cost. I do not think that slaughter-price values are a fair basis on which to appraise goods for sale in a country like Canada.

If I had had the drafting of the bill I would have gone a little further than this

bill goes. By that I do not mean that I would have made the provisions more stringent, but for the purpose of administration I would have adopted the principle that goods imported into this country should be valued at the cost of production plus a fair profit. That would be a reasonable rule, and it would correct the conditions with which the bill seeks to deal.

Some Hon. Senators: Hear, hear.

Hon. Mr. Euler: I am a little concerned about the possibility of difficulties in the matter of administration; but the Minister of National Revenue assures us that he has the machinery to handle the matter, and I am quite willing to take his word for it.

However, I hope my honourable friend from Churchill (Hon. Mr. Crerar) will not go away saying that in this bill the government is changing the whole basis of the present system. We are not doing that at all.

Hon. Mr. Crerar: I did not say that the bill would change the whole basis. What I said was that it changes the basis of the application of the anti-dumping law.

Hon. Mr. Euler: All it provides is that the price, instead of being computed on an average period of one, two or three days, shall be assessed in respect of a period of not more than six months. That is eminently reasonable; and, in saying so, I am not making a protectionist argument. The law is changed to provide that goods which come into this country shall be valued upon a fair basis. I cannot see anything wrong with that.

As regards the remarks of my honourable friend the acting Leader of the Opposition (Hon. Mr. Aseltine), I do not know whether he is out of step with his party or not. I have known Conservatives from my district who were high protectionists when they left Ontario and turned into free traders when they got to Western Canada.

Hon. Mr. Aseltine: I never heard anything like that.

Hon. Mr. Euler: I wonder what the Conservatives' policy is today—whether they are going to stick to their high-tariff principles. The word I have received from the other house is that Conservative members in that place want the principle of the bill to be applied not merely to manufactured articles but to products of all kinds. I do not know whether, in that respect, my honourable friend is in step with his party.

Hon. Mr. Aseltine: I extend to the honourable gentleman an invitation to join our party.

Hon. Mr. Euler: I thank my friend very much: I will take the idea into serious consideration.

Hon. Mr. Aseltine: The honourable member's ideas are similar to my own.

Hon. Mr. Euler: Oh, I agree with almost everybody. I remember so well that at one time the difference between the two parties as far as tariffs are concerned was put in this way: the Conservatives talk high tariff and practise a moderate tariff, whereas the Liberals talk low tariff and practise a moderate tariff. I think that describes the situation very well. There is no high tariff advocate in this chamber. The difference between this bill and the Bennett policy is that when Mr. Bennett took office he carried out what he had been advocating; he raised the tariffs and he raised them sky high: afterwards they were reduced, though perhaps not enough to satisfy some of my friends here. I repeat that what we are asked to approve is, not a change of the tariff, but a change in the method of valuating certain classes of goods which are brought into this country. And I say that it is fair to base the valuation on what has been the average price during a fairly long period of time rather than on the price during a short period of two or three weeks.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Macdonald: Honourable senators, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, the Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having

been summoned and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act respecting the use of election material for by-elections and Northwest Territories Elections.

An Act respecting the appointment of auditors for National Railways.

An Act to amend the Pipe Lines Act.

An Act to amend the Children of War Dead (Education Assistance) Act.

An Act respecting the Department of Northern Affairs and National Resources.

An Act to amend the National Parks Act.

An Act to amend the Customs Act.

The House of Commons withdrew.

The Honourable the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, January 19, 1954, at 8 p.m.

THE SENATE

Tuesday, January 19, 1954

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—MESSAGE OF THANKS FROM HIS EXCELLENCY

The Hon. the Speaker informed the Senate that he had received a message from His Excellency the Governor General, reading as follows:

The honourable the Members of the Senate:

I have received with great pleasure the Address that you have voted in reply to my speech at the opening of parliament. I thank you sincerely for this Address.

Vincent Massey

UNITED KINGDOM FINANCIAL AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 78, an Act to approve the financial agreement between Canada and the United Kingdom, signed on the thirteenth day of August, 1953.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

JOINT COMMITTEE ON RESTAURANT

MESSAGE FROM COMMONS—LIST OF MEMBERS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved—That a message be sent to the Senate to acquaint their Honours that this house has appointed Mr. Speaker and Messrs. Bennett (Miss) (Halton), Caron, Casselman, Gingues, Gour (Russell), Hardie, Harkness, Herridge, MacNaught, Mang, Masse, McCulloch (Pictou), McGregor, Michaud, Monette, Pommer, Richard (Ottawa East), Robertson, Shipley, Mrs. Simmons, Stewart (Winnipeg North), Stick, White (Hastings-Frontenac) and Yuill, to assist His Honour the Speaker in the direction of the restaurant so far as the interests of the House of Commons are concerned, and to act on behalf of the House of Commons as members of a joint committee of both houses on the restaurant.

JOINT COMMITTEE ON PRINTING

MESSAGE FROM COMMONS—LIST OF MEMBERS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved—That a message be sent to the Senate to acquaint their Honours that this house will unite with them in the formation of a joint committee of both houses on the subject of the printing of parliament, and that the following members:—Messrs. Ashbourne, Bertrand, Blair, Boivin, Bonnier, Boucher (Chateauguay-Huntingdon-Laprairie), Boucher (Restigouche-Madawaska), Brown (Brantford), Bryson, Campbell, Cardiff, Charlton, Dechene, Dickey, Mrs. Fairclough, Mrs. Fairey, Fontaine, Gingras, Girard, Gour (Russell), Habel, Hansell, Healy, Hodgson, Houck, Howe (Wellington-Huron), Huffman, James, Johnson (Kindersley), Kickham, Lefrancois, MacEachen, Maltais, Mang, McGregor, McIvor, McWilliam, Patterson, Pommer, Regier, Robinson, (Bruce), Rochefort, Schneider, Simmons, Small, Smith, Stanton, Stick, Thibault, Tustin, Valois, Weaver, Wylie and Zaplitny will act as members on the part of this house on the said joint committee on the printing of parliament.

JOINT COMMITTEE ON LIBRARY

MESSAGE FROM COMMONS—LIST OF MEMBERS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved—That a message be sent to the Senate to acquaint their Honours that this house has appointed Mr. Speaker and Messrs. Applewhaite, Bertrand, Boivin, Bourque, Brown (Essex West), Castleden, Coldwell, Conacher, Coyle, Dechene, Dinsdale, Eudes, Fraser (Peterborough), Fraser, (St. John's East), Gingues, Gourd (Chapleau), Hansell, Hellyer, Henderson, Howe (Wellington-Huron), Hunter, Jones, Kirk (Shelburne-Yarmouth-Clare) Knight, LaCroix, Leboe, McCulloch (Pictou), McIlraith, McGregor, McWilliam, Nadon, Philpott, Ratelle, Reinke, Robinson (Bruce), Shaw, Small, Smith, Thibault, Tucker, Tustin, Weselak, White (Middlesex East) and Wood, a committee to assist His Honour the Speaker in the direction of the library of parliament so far as the interests of the House of Commons are concerned, and to act on behalf of the House of Commons as members of a joint committee of both houses on the library.

CRIMINAL CODE

MESSAGE FROM COMMONS—JOINT COMMITTEE ON CERTAIN QUESTIONS OF CRIMINAL LAW

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved—That a joint committee of both houses of parliament be appointed to inquire into and report upon the questions whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment or (c) lotteries should be amended in any respect and, if so, in what manner and to what extent;

That 17 members of the House of Commons, to be designated by the house at a later date, be members

of the joint committee on the part of this house, and that standing order 65 of the House of Commons be suspended in relation thereto;

That the committee have power to appoint, from among its members, such subcommittees as may be deemed advisable or necessary; to call for persons, papers and records; to sit while the house is sitting and to report from time to time;

That the committee have power to print such papers and evidence from day to day as may be ordered by the committee for the use of the committee and of parliament, and that standing order 64 of the House of Commons be suspended in relation thereto:

And that a message be sent to the Senate requesting that house to unite with this house for the above purpose and to select, if the Senate deem advisable, some of its members to act on the proposed joint committee.

Honourable senators, when shall this message be taken into consideration?

Hon. Mr. Macdonald: Next sitting.

LEADER OF THE OPPOSITION

RETURN OF HON. MR. HAIG TO THE CHAMBER

Hon. John T. Haig: Honourable senators, may I ask you to allow me the special privilege of saying a word or two at this time. I have spoken to the Leader of the Government (Hon. Mr. Macdonald) and have told him that I intend to say a few words on a personal matter.

I first want to congratulate you, Mr. Speaker, on your elevation to Speaker of this chamber. I have had the very great pleasure of being opposite you for eight sessions and I have enjoyed your confidence very much indeed.

I would also congratulate the new leader in this house (Hon. Mr. Macdonald). I had the great pleasure of knowing him for a number of years as a very prominent member and later as the Speaker in another place, and I welcome him as a worthy member of this chamber.

I come now to welcome the new senators: first, the ladies, or, as I prefer to call them, the women, who have been nominated to this house. I hope the three new women members will be as able representatives of their sex as the first two women senators have been for the past eighteen years, to my personal knowledge.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: I also want to welcome the other new members. There was a time in the house when I would not have been able to say what I am going to say now. However, I am getting now to be one of the older representatives in point of service in this house, and I say quite candidly that I hope you all will have as much pleasure in serving the people of Canada in this chamber as I have had during my eighteen years' experience here.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: The rest of my remarks are purely personal. I first want to thank every member of this house, and especially those who wrote me during the second week in August after the passing of my life partner. Only those who have had the experience can know what one passes through at such a time. Nobody can tell them. I thought I knew, but I found that I did not know. I thank all honourable senators who sent me messages expressing condolence. Believe me, fellow members, they were helpful in those terrible days.

Later, I suffered an accident. Some might say that I had been out too long that day, but it was purely an accident. I fell down the cellar steps at my son's residence and was pretty badly shaken up. I want to say this, as my personal experience, that in the few seconds it took me to go down those steps I thought of a lot of things. The mind is a great machine, it works like lightning. I knew if I hit with my head on the floor of that cellar that there would be a vacancy in the senate representation from the province of Manitoba. You may say I cannot think that fast. But believe me, I thought far faster than that when I was heading for the basement. I knew if I kept my arms over my head I might smash my arms but I could at least protect my head.

I need not go on with the details of my accident. For four months, I was under the care of two able medical men, one of whom a fellow senator from that district knows very well, and three of the loveliest young women in the finest profession that I think women can engage in, that of nursing the sick. After those four months my medical attendants told me they had had a struggle to pull me through. I thank Providence that they were able to bring me back to health.

I should like to thank all honourable members who wrote and telegraphed to me while I was in hospital, and also those who made mention of me in their speeches and thanked me for past services.

My doctor told me that when he called on me each morning he could tell whether I had had a letter from Ottawa the day before. He would ask, "Well, what Liberal wrote to you today?" I would reply that I had heard from someone of that political persuasion. He would then tell me that he could see I was happier and more contented for having received such messages of cheer.

I should like to thank those honourable senators who were able to visit me. To the new senators may I say that I am really not as good as my colleagues made out I was—they were just being kindhearted and wanted to give me a little boost. I presume honourable senators thought I would be reading *Hansard* or having it read to me. That is quite true, and I know what has been said about me. The encouragement I received from my fellow members in this house helped me a great deal in my fight against the nervous strain caused by my fall.

I do not want the new members in the years that lie ahead to think that my friends here were pulling a long bow in the kind things they said about me. I know I was not worthy of all that was said, but I also know that if I was not worthy of it in the past I shall try to be so in the future, for the general good of Canada.

Some Hon. Senators: Hear, hear.

Hon. W. Ross Macdonald: Honourable senators, I am sure that on behalf of all of you I can extend a welcome to the Leader of the Opposition (Hon. Mr. Haig) upon his return to this house. We missed him very much indeed.

Although I have not sat in the house with the honourable senator before this evening, I know that the remarks about his ability in performing his duties in this house were made from the heart, and that those who spoke so highly of him were indeed sincere. Say what he may tonight, I assure him that the new members do believe everything that was said about him.

Along with the other members of this house, I am very happy to know that our honourable colleague has made such a splendid recovery. We hope that he will not work too hard. I can assure him that in his absence his deputy, the honourable senator from Rosetown (Hon. Mr. Aseltine), carried on his duties in an excellent manner.

Som Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: I hope that the honourable Leader of the Opposition, if he should feel a little fatigued from time to time, will not attempt to work too hard, but will take advantage of whatever rest he can. We want to have him with us in full fighting form for many years to come. If he is tired from time to time, the honourable member from Rosetown (Hon. Mr. Aseltine), who is in the best of health and good spirits, will, I know, be glad to relieve him.

Some Hon. Senators: Hear, hear.

THE LATE SENATORS BURKE AND DENNIS

TRIBUTES TO THEIR MEMORY

Hon. W. Ross Macdonald: Honourable senators, perhaps at this time I may be permitted to refer to the passing of two of our very esteemed members. It is with the greatest regret that I have to inform the house that since we last met we have lost an esteemed and respected colleague in the person of the late Senator Vincent Burke, who has passed to his eternal reward. I am sure that all of you will want to join me in extending to his wife and daughters our sincere sympathy.

Senator Burke was born at St. Jacques, Newfoundland, on August 3, 1878. He was the son of Patrick Isaac Burke and Alice Mullowney. He received his early education at St. Jacques Public School, St. Bonaventure's College, and Columbia University, New York. Upon graduation, he launched a career which was devoted not to the gratification of his own ambition but the advancement of his fellow citizens in Newfoundland by making more readily available to them facilities for improved educational standards from grade school to university. After serving as principal of Torbay High School, he became superintendent of Roman Catholic schools on the island, and later, deputy minister of education. When the department of education was organized under the commission government our late senator became the first director of adult education. One of his contributions at that time towards education in Newfoundland was his leadership in founding Newfoundland Memorial University, of whose board of trustees he became the first chairman. Not only will he be remembered as one of its founders, but it was through his advocacy that the Carnegie Foundation of New York contributed large sums towards the new college. The late senator's whole life was devoted to public service, which won for him recognition both by church and by state.

In 1917, in recognition of his war work, he was made a Member of the British Empire order; in 1930 he was promoted to be an Officer in the same order; and in 1946, a Commander. In 1914 he was awarded the Cross *Pro Ecclesia* by Pope Pius X, and in 1940 he was made a Knight Commander of Saint Gregory by Pope Pius XII.

A lifetime of public service was crowned by his being summoned to the Senate in 1950. Although he was a member of this chamber for only three years, Senator Burke gained the respect of everyone here during that time.

Many successful Newfoundlanders will always owe a debt of gratitude to the late Senator Burke for the immeasurable contribution he made towards their early education. Honourable senators, while we deplore his short term of service here, and mourn his passing, we shall long remember Senator Burke as a great gentleman and a man who devoted his life to the public good.

We have also lost another of our members in the person of the late Senator W. H. Dennis of Halifax, who passed away suddenly. Although we were aware of his uncertain health, his jovial disposition and generous open-hearted manner dispelled all reminders of his disability. Since I assumed my duties in this house he exhibited the greatest kindness towards me personally, and I shall always remember his consideration and friendliness.

The late senator was born at Stewiacke in Nova Scotia on March 31, 1887, a son of Henry Parnell Dennis and Wilhelmina Dennis. At an early age he went to Halifax, where he was employed by his uncle, the late Senator William H. Dennis, then publisher of the Halifax *Herald*. Senator Dennis rose from elevator boy and printer's devil to become one of the leading newspaper figures in the Maritimes. He was a foremost champion of Maritime rights, and a valued member of this chamber. The story of his life is an inspiration to the youth of today, and is an example of what can be accomplished through energy and application.

On the death of his uncle, our late colleague became President and Managing Editor of the Halifax *Herald* and Halifax *Mail*, and a few years ago he purchased the Halifax *Star* and the famous newspaper once published by Joseph Howe, the Halifax *Chronicle*. The merged papers became the *Chronicle-Herald* and *Mail-Star*.

The late senator's ability was recognized by Prime Minister Bennett, and he was summoned to the Senate in 1932 at the early age of forty-four years. In this chamber he immediately distinguished himself by promoting the formation of the Senate's Special Committee on Tourist Traffic, of which he became chairman. The result of that investigation into the tourist facilities of Canada resulted in the formation of the Canadian Travel Bureau. His name will for many years be associated with the tourist industry, which has reached such overwhelming importance today.

The late senator's interest in promoting education is also well known. He established prizes and bursaries in virtually every Maritime educational institution. He received from Acadia University its Doctorate of Civil Law and from Saint Francis Xavier its honorary Doctorate of Law.

Greatest of all his characteristics was his immense charity to less privileged persons. Religious connection or political affiliation made no difference. Indeed the full measure of his contributions to these citizens will never be known. Among his benefactions was his founding of a summer colony for underprivileged children, as well as generous donations to hospitals and charitable institutions.

The late Senator Dennis was a great Maritimer, a great gentleman and a great Canadian. His loss will be keenly felt by everyone in this chamber. I wish to extend to his widow, his son Graham, and his daughter Pauline, the heartfelt sympathy of a grateful country.

Hon. John T. Haig: Honourable senators, except for those from Newfoundland I think I knew the late Senator Burke better than did any member in this chamber. While in Ottawa we always stayed in the same hotel, and it was our custom on Sunday evenings after attending church service to join with others in the hotel in a discussion of the affairs of church and state and kindred subjects. Senator Burke and his dearly beloved wife always took part in these friendly meetings, and it was then that I came to really love the old gentleman. He knew he had reached a stage in his life when he could not make as great a contribution to this chamber as he had in the field of education in his native province. As an outstanding educationalist of long standing in Newfoundland, he felt it was a great honour to the cause of education that he was summoned to the Senate of Canada.

Those of us who knew the late senator intimately soon realized why the people of Newfoundland held him in such high esteem. As one who is interested in education, I enjoyed hearing him tell about the history of this subject in his province. Education is extremely important to the life of Canada, and the Senate was indeed fortunate to have amongst its members a man who so clearly understood the educational problems confronting our people today.

I deeply regret the passing of Senator Burke and I wish to extend to his widow my most sincere sympathy.

Honourable senators, although Senator Dennis had been a member of this chamber for many years, I did not know him so well because in recent years illness prevented him from regularly attending the sittings of this house. Senator Dennis was a gentleman

in the real sense of the word. He had a keen appreciation of the obligation which went with the wealth he commanded, and tried to discharge that responsibility to the people of his own part of the country. In that respect the great contributions he made were largely, although not wholly, for the furtherance of education, which is a very noble cause.

We all hoped that Senator Dennis would fully recover his health, and be able to give the same keen leadership in connection with the problems which face this house that he gave to the newspaper business in his own province. He was an outstanding newspaper man. The men I know in Halifax always recognized him as one of the leading newspaper men in Canada. We are happy to have men of that calling as members of this chamber; they can contribute more than they know to its deliberations, because they understand best what goes to the public.

Naturally, in a small group like ours, the passing of a member is a very important event. We know that when Bill Dennis did a job he did it well. He has left a great record, and Nova Scotians and the people of the other Maritime provinces can be proud they had such a son to represent them in the parliament of Canada.

Hon. A. B. Baird: Honourable senators, as a Newfoundlander I rise today to pay tribute to the memory of a man who will always be remembered in Newfoundland as an educator and patriot—a man who gave great impetus to the raising of the standards of teaching in all its branches. It can be truthfully said that Vincent Burke devoted his whole life to the cause of education.

The Memorial University College, which opened its doors about thirty years ago, can today be termed not only a memorial to those who laid down their lives in the First Great War, but to such men as Senator Burke. The many trials and tribulations that he had to overcome were only surmounted by enthusiasm, perseverance and, above all, vision and imagination. Those who today are enjoying the fruits of higher education in Newfoundland owe Vincent Burke a debt of gratitude.

During his long and useful life he was not without recognition by church or state. He was deputy minister of education, chairman of the board of trustees of the Memorial University College, and held many other distinguished posts. His Majesty King George V made him a Commander of the British Empire Order. His Holiness Pope Pius XII elevated him to be a Knight of the Church. Columbia University, where he received his master's degree, always had a very warm spot in his heart; and as far as the Carnegie Institute is concerned, he seemed to have perpetual use of its funds, for without its aid the Memorial University College would still be in the embryo stage. So, I say, Vincent Burke, in a unique sense, is the father of our university.

The late senator had a much broader outlook upon his fellows than just the academic one. His active personal interest in social welfare led him to believe that Newfoundland and Newfoundlanders should have no more and no less social advantages than her sister dominion. So when Confederation became an issue it was only natural that this man, with his courageous and beneficial outlook, should devote himself unceasingly to what he considered to be the advantage of the people.

His patriotism stood out against unbelievable opposition and harsh criticism. He could well feel proud of the role he played in fighting ignorance, fanaticism and prejudice. He leaves the imperishable memory of a good man, a patriot and certainly a good servant of the people. Above all he was a great Christian gentleman.

To the family and to the associates of our beloved friend, I extend my deepest sympathy.

Hon. Gordon B. Isnor: Honourable senators, coming as I do from Halifax, I wish to join with other honourable senators who have paid such fine tributes to our late departed colleague and friend, Senator W. H. Dennis.

I had been fairly closely associated in a business way with Senator Dennis for well over forty years. In our early days of friendship we had much in common, and that friendship and association continued down through the years.

As honourable senators may have noticed, since the time I became a member of this chamber the late senator and I have maintained our intimate association. We sat near one another in this chamber, and on many occasions discussed together matters and measures which came before us for consideration. I always found his judgment sound and intelligent and his advice such as one would welcome.

As you will recall, Senator Dennis was particularly interested in the tourist trade. In 1934, as a member of the Nova Scotia Legislature, I came to Ottawa to represent the Nova Scotia government in connection with the tourist industry. I recall that from then until the time of his passing our late col-

league continued his deep interest in this particular phase of Canadian development.

It was less than a week ago—in fact, last Wednesday when he was in conversation with me—that he referred to the fact that we must at once get the tourist committee work under way so as to be ready in the early part of the session to consider that important phase of our national economy.

Honourable senators, one could not ask for a more loyal colleague, a finer type with whom to co-operate, or a truer friend, than Bill Dennis. He was a man with a wonderful understanding and a remarkably sympathetic feeling for the needs of others. I need not dwell at length on his generous nature. His deeds of kindness, which were many, were done not to create goodwill for himself but rather with the thought in mind of their benefit to others. His nature, as I feel many connected with the Senate can testify, was naturally generous.

I join with those who have already spoken in extending sincere and heartfelt sympathy to Senator Dennis's widow, his son, and his daughter.

In the introduction to his book *Postscript to Adventure* it is related that the late Dr. Charles W. Gordon, better known to our western members, particularly those from Winnipeg, as Ralph Connor, started to write a tribute to his friend, Rev. Dr. Clarence MacKinnon, Principal of Pine Hill University. The tribute read:

> A common sorrow, a common loss. Dearly loved and trusted, my oldtime friend, comrade and fellow worker, has gone from our sight. The voice which so often charmed us is still. That smile of warm illumination that so often drew our hearts to him is no more.

I think, honourable senators, those words fit very nicely into any tribute which we might pay to the late Senator Dennis.

I think of him as you do, Mr. Speaker, as a dearly loved intimate friend, loyal to the heart's core, true in all circumstances. We remember him and thank God for men of his type. His friendship enriched life for us and strengthened our faith in man and in God.

Hon. W. Rupert Davies: Honourable senators, had the honourable senator from Lethbridge (Hon. Mr. Buchanan) been here this evening I would naturally have left for him the duty of saying a word or two, not only as to a colleague in the Senate who has passed away, but as a very able newspaper colleague. However, as I came in the chamber the honourable senator from Ottawa (Hon. Mr. Bishop) asked me if I would make some reference this evening to Senator Dennis' career as a newspaper man.

I agree with everything that has been said about the late Senator Dennis. I knew Billy Dennis for years. I knew him as a great Canadian who published a very fine newspaper in Halifax for many long years, but I also want to pay a special tribute to him for what he did in helping to build the Canadian Press which, as most of you know, is the news-gathering agency which supplies news to all the daily newspapers from one end of Canada to the other.

Canada, as you can readily understand, is a very difficult country to cover from a news gathering point of view. The founders of the Canadian Press, of whom our colleague, the Honourable Senator from Lethbridge (Hon. Mr. Buchanan) was one, undertook a very difficult task when they decided to form a nation-wide news-gathering agency. At that time we had a small agency in Ontario, and a larger agency known as the Western Canadian Press Agency. However, in 1917, these news-gathering agencies were amalgamated, and Senator Dennis became a member of the directorate of the new agency. Later on, when I became a member, I sat with him on that directorate for many years, and I know that he did a very big job. He was always ready with constructive ideas and suggestions. He was one who, with many others of us, felt that the time had come when we should no longer accept a subsidy of $50,000 a year from the Canadian Government. We knew when we made the decision to no longer accept that subsidy that it was going to be difficult to carry on without it, but Senator Dennis and others felt that we should be completely free of influence of any kind. From that time on the Canadian Press, of which Billy Dennis was one of the builders, carried on without any outside assistance.

I just felt that I would like honourable senators to know that not only was Senator Dennis a very able newspaper publisher in the Maritimes but he also helped build a national news agency which operates from one end of this country to the other.

The Hon. the Speaker (Hon. Mr. Robertson) left the Chair.

Hon. Thomas Vien, P.C., in the Chair.

Hon. Wishart McL. Robertson: Honourable senators, I would be most reluctant to let this opportunity pass without paying my personal tribute to an old friend, a distinguished member of this house, a great Nova Scotian and a kindly and generous man.

The late Senator Dennis and I roomed together in the old Y.M.C.A. in Halifax over forty years ago. Even then, as a young newspaper man, he displayed the energy and keenness of mind that was to lead him to the

greatest prominence. Seriously ill a few years ago he, by sheer will-power, made such a steady recovery that his many friends were increasingly hopeful that he would long be spared to his family and country.

Those who have known him only in recent years may not fully appreciate the boundless energy and great enthusiasm he displayed in every endeavour with which he was associated. When he came to this house twenty years ago he threw himself into its work with the greatest interest. He was an ardent, intense and patriotic Nova Scotian. Every project for the public's welfare found in him an enthusiastic supporter. He never turned a deaf ear to requests for support. But perhaps more than all this, it will be the countless deeds of kindness and thoughtfulness to those individuals in need which will do most to keep his memory ever green. Each of his friends knew of some—none knew of all. May I extend my sincerest sympathy to his widow, son and daughter in their great bereavement.

Even now I fancy his spirit has winged its way to his native province and will hover ever and anon over his hill-top home at Princeport, from which vantage point our late colleague watched with unceasing and untiring interest the restless tides of old Fundy.

The Hon. the Speaker resumed the Chair.

Hon. Charles G. Hawkins: Honourable senators, as I have sat here listening with appreciation to the many fine and deserving tributes paid to our late colleague, I realize that there is little more that I can add.

However, it occurred to me that the outstanding feature of the late senator's life and the word which might be said to characterize his whole career is "service". Whether in public or private service he gave his best unreservedly, to his employer and associates. His service to his employer in the initial stages of his career was reflected in his later accomplishments, in developing a first-rate newspaper and business organization. On the public side, where he will be longest remembered, his devotion and endeavour on behalf of underprivileged and less fortunate folk will provide an inspiration to everyone who admires a generous heart. Race, creed, colour or religion were of no concern to Senator Dennis. To him all were equal. The full story of this kind and generous spirit and his devotion to charitable and educational institutions, will never be fully known. He loved the people for whom he did so much, and in turn enjoyed their love and respect throughout his career. A life of service to his city, his province and his country has now reached its end. This house has lost a valuable member, Canada a great citizen, and Nova Scotia a distinguished son, whose generosity, courage and devotion to duty will long be an inspiration to those who follow him.

Hon. Felix P. Quinn: Honourable members, so much has been said about our late colleague the Hon. William Dennis, that there is very little left for me to say by way of tribute to his memory; but, having known him longer than any man in this chamber, I feel I should add a word or two.

I knew "Billy" Dennis when he came to Halifax in short pants and went into the office of his uncle, the former Senator W. A. Dennis. As has been mentioned, he worked himself up from the lowly positions of elevator boy and printer's devil to be the owner and manager of the greatest newspaper in the Maritime Provinces. He will leave his mark in the Senate as the first chairman of the Tourist Traffic Committee, and to him in great measure is due the success we have made of the tourist business in this country.

But Billy Dennis will chiefly be known in our home in the Maritime Provinces for his countless charities. His name is linked with every charity in Halifax and in my native province. I need only mention Rainbow Haven, which through his initiative was established as a summer colony for underprivileged boys and girls; and the Good Fellows' Club, which was started, mainly through his efforts, to provide meals during the Christmas season for the poor families of Halifax. Countless other benefactions of his will never be known, because, in the true spirit of charity, his left hand knew not what his right hand was giving.

I join with those who have already spoken in tendering sympathy to his widow, his son and his daughter.

THE LATE FORMER SENATOR BARNARD

TRIBUTES TO HIS MEMORY

Hon. Nancy Hodges: Honourable senators, I have no desire to prolong the rather melancholy mood in which the passing of two members of this distinguished body has left us this evening, but I feel that this is a proper time to make brief reference to the passing of one who was a former member of this house. I refer to ex-Senator George Henry Barnard, who was my predecessor here.

Ex-Senator Barnard died last week; and in his passing British Columbia has lost a native son of whom she had every reason to be proud. The late senator was born in Victoria eighty-five years ago. He came of one

of the most distinguished families in the province, a family closely associated with the early history of British Columbia. At an early age he entered the law, and later was appointed King's Counsel. For some time he served on the City Council of Victoria, both in the capacity of alderman and as mayor. In 1908 he was elected to the House of Commons; in 1911 he was re-elected; and in 1917 he was summoned to the Senate. He sat in this chamber from 1917 to 1945, when he retired because of ill-health.

I know there are many who are still members of this house who will join me in extending deepest sympathy to his widow and that all of us share a feeling of loss at the passing of a man who, although not a member of this body at the time of his passing, gave it such long service. I feel that this is an appropriate occasion to pay this very small tribute to his memory.

Hon. Mr. Macdonald: As a further mark of respect for the memory of our late colleagues, I would now move the adjournment of this house.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, January 20, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

PRIVATE BILL

VICTORIAN ORDER OF NURSES—REPORT OF COMMITTEE

Hon. Paul H. Bouffard presented the report of the Standing Committee on Miscellaneous Private Bills on Bill M-2.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills to whom was referred the Bill M-2, intituled "An Act respecting Victorian Order of Nurses for Canada", have in obedience to the order of reference of December 10, 1953, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Bouffard: I move that the bill be set down for third reading on Wednesday next.

The Hon. the Speaker: Wednesday next.

Hon. Mr. Bouffard: Honourable senators, may I have leave to amend my motion, to the effect that the bill be set down for third reading at the next sitting, instead of next Wednesday?

Hon. Mr. Macdonald: Honourable senators, I seconded my honourable friend's motion that Bill M-2 be set down for third reading next Wednesday. Personally, I have no objection to its being read the third time at the next sitting or even today.

Hon. Mr. Haig: Next sitting.

The bill was ordered to be placed on the Order Paper for third reading at the next sitting.

PRIVATE BILLS

EXTENSION OF TIME FOR FILING PETITIONS

Hon. Charles L. Bishop presented the second report of the Standing Committee on Standing Orders.

The report was read by the Clerk Assistant as follows:

Your committee recommend that the time limited by Rule 110 for filing petitions for private bills, which expired on December 23, 1953, be extended to Monday, January 25, 1954.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Bishop: With leave, I move that the report be concurred in now.

The motion was agreed to.

PRIVATE BILL

ASSOCIATED CANADIAN TRAVELLERS—REPORT OF COMMITTEE

Hon. Paul H. Bouffard presented the report of the Standing Committee on Miscellaneous Private Bills on Bill T-3.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills to whom was referred the Bill T-3, intituled "An Act respecting The Associated Canadian Travellers", have in obedience to the order of reference of December 16, 1953, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Bouffard: Next sitting.

PRIVATE BILL

CANADIAN PACIFIC RAILWAY COMPANY—FIRST READING

Hon. William H. Taylor presented Bill R-5, an Act respecting Canadian Pacific Railway Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Taylor: Tuesday next.

PRIVATE BILL

GREAT LAKES REINSURANCE COMPANY—SECOND READING

Hon. Charles L. Bishop moved the second reading of Bill Q-5, an Act respecting the Great Lakes Reinsurance Company.

He said: Honourable senators, this bill is a very simple one. The company, which was incorporated in 1951 with a capital of $500,000, has a licence from the Insurance Department in Ottawa and one from the provincial Insurance Department in Toronto. As its business is expanding, the company is desirous of expanding its capital proportionately; and the sole purpose of the bill is to get authority to increase the capital to $2,000,000.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Bishop: Honourable senators, I move that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, January 21, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

DIVORCE BILLS

EXTENSION OF TIME FOR FILING PETITIONS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the one hundred and seventieth report of the committee.

The report was read by the Clerk Assistant as follows:

Your committee recommend that the time limited by Rule 138 for filing petitions for divorce which expired on December 23, 1953, be extended to Friday, January 22, 1954.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Roebuck: With leave of the Senate, I move that the report be concurred in now.

The motion was agreed to.

PRIVATE BILL

COMMERCE MUTUAL FIRE INSURANCE COMPANY—FIRST READING

Hon. Mr. Howard presented Bill S-5, an Act respecting Commerce Mutual Fire Insurance Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Howard: Wednesday next.

DIVORCE COMMITTEE

ADDITION TO MEMBERSHIP

Hon. Mr. Beaubien: Honourable senators, with leave of the Senate, I beg to move that the names of the honourable senators Burchill, Farquhar and Hawkins be added to the list of senators serving on the Standing Committee on Divorce.

The motion was agreed to.

PRIVATE BILL

VICTORIAN ORDER OF NURSES—THIRD READING

Hon. Mr. Paterson moved the third reading of Bill M-2, an Act respecting Victorian Order of Nurses for Canada.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

ASSOCIATED CANADIAN TRAVELLERS—THIRD READING

Hon. Mr. Stambaugh moved the third reading of Bill T-3, an Act respecting the Associated Canadian Travellers.

The motion was agreed to, and the bill was read the third time, and passed.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, with leave of the house, I would move that when this house rises today it stand adjourned until Tuesday next at eight o'clock in the evening.

The motion was agreed to.

UNITED KINGDOM FINANCIAL AGREEMENT BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 78, an Act to approve the financial agreement between Canada and the United Kingdom, signed on the thirteenth day of August, 1953.

He said: Honourable senators, this bill takes us back to the early days of the war. It will be recalled that prior to 1942 and prior to the time of Mutual Aid, the deficits of the United Kingdom were financed by repatriating certain Canadian securities held by British investors, and by accumulating large sterling balances. In 1942 the Parliament of Canada passed an act known as the War Appropriation (United Kingdom Financing) Act, 1942. At that time the balance totalled approximately $1 billion, and this balance was then turned into a direct loan of $700 million. Honourable senators will recall that one of the conditions of the loan was that no part of it would be repaid until the close of the war, and that the loan would be interest-free. The balance was used for the purchase of Dominion of Canada and Canadian National Railways securities held by British investors. At the close of the war a new agreement, which expired at the end of 1953, was entered into; and during last year another agreement was negotiated between the United Kingdom and the Canadian governments. At that time approximately $188½ million was still owing, and it was then agreed that the United Kingdom would pay in the course of last year $38½ million, and so reduce the loan to $150 million. The payment was made and the loan correspondingly reduced.

Under the terms of the agreement now before the house, the balance also will not carry interest; and it is to be repaid in twenty quarter-yearly instalments. On this basis the loan will be repaid in full on December 1, 1958. The purpose of the present bill is to obtain the confirmation by parliament of the agreement. The bill has been passed in the other place.

Hon. Mr. Roebuck: How does the honourable gentleman justify the provision not to charge interest?

Hon. Mr. Macdonald: In 1942, when the loan was made, it was provided that interest would not be charged, and when—in 1945 or thereabouts—the agreement relating to the loan was renewed, it was agreed that interest would not be charged on the balance then due. The debt is now reduced to $150 million, and it is felt that, in relation to this comparatively small sum, it would be well to continue the arrangement not to charge interest.

Hon. Mr. Haig: I shall not delay the house long. I agree with the legislation.

Hon. Mr. Crerar: Honourable senators, I think that all of us can assent to the provisions of the bill. I have a clear recollection of the occasion in 1942 when this loan was originally made, but as the facts have been explained very fully by the leader (Hon. Mr. Macdonald), I shall not repeat them. I rise merely to suggest that it might be advisable to refer the bill to the Banking and Commerce Committee. I should also like to suggest that officers of the Department of Finance attend the committee meeting and be prepared to give information on the present status of other outstanding loans. I recall that following the first World War, some thirty-five years ago, Canada made substantial loans to Romania and Italy. I have little hope that it can be reported to us that much has been paid on either of those loans or ever will be, but I think some particulars would prove interesting to honourable members. No doubt we could get this information by an examination of the Public Accounts, but most members of parliament are not so much disposed to study the Public Accounts as they were in days gone by. It would be useful, at any rate, to have the information in capsule form.

Hon. Mr. Macdonald: I am in full accord with the suggestion of the honourable member from Churchill (Hon. Mr. Crerar). As sponsor of this bill I have no objection to its being referred to the Standing Committee on Banking and Commerce.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Mr. Macdonald, the bill was referred to the Standing Committee on Banking and Commerce.

The Senate adjourned until Tuesday, January 26, at 8 p.m.

THE SENATE

Tuesday, January 26, 1954

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

JOINT COMMITTEE ON LIBRARY

MESSAGE FROM COMMONS—CHANGE IN MEMBERSHIP

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

That a message be sent to the Senate to acquaint their honours that this house has substituted the name of Mr. Pickersgill for that of Mr. Nadon on the joint committee of both houses on the library.

NORTHWEST TERRITORIES BILL

FIRST READING

A message was received from the House of Commons with Bill 77, an Act to amend the Acts respecting the Northwest Territories.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Roebuck, chairman of the Standing Committee on Divorce, presented the committee's reports, numbers 150 to 169, both inclusive, and 171 to 213, both inclusive, dealing with petitions for divorce.

The Hon. the Speaker: Honourable senators, when shall these reports be taken into consideration?

Hon. Mr. Roebuck: Next sitting.

PRIVATE BILL

VICTORIAN ORDER OF NURSES—REFUND OF FEES

Hon. Mr. Paterson: Honourable senators, with leave, I move:

That the parliamentary fees paid upon the Bill M-2, "An Act respecting the Victorian Order of Nurses for Canada", be refunded to the petitioners, less printing and translation costs.

The motion was agreed to.

CRIMINAL CODE

MESSAGE FROM COMMONS—CONSIDERATION POSTPONED

On the Order:

Consideration of a message from the House of Commons regarding the appointing of a joint committee of both Houses of Parliament to inquire into and report upon the questions whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment or (c) lotteries, should be amended in any respect and, if so, in what matter and to what extent.

Hon. W. Ross Macdonald: Honourable senators, this is the only business from the other place that is on our order paper at the present time. A few minutes ago the Senate gave first reading to Bill 77, an Act to amend the Acts respecting the Northwest Territories. The honourable senator from Churchill (Hon. Mr. Crerar) is going to explain this bill to the Senate, and I think it would be advisable to proceed with its second reading tomorrow. I understand that some honourable members may wish to discuss the setting up of a joint committee of both Houses of Parliament to inquire into and report upon certain matters affecting the criminal law of Canada. As I think it would be better not to interrupt this debate, I do not propose to proceed with it tonight, and would therefore move that this order stand.

The motion was agreed to, and the order stands.

PRIVATE BILL

CANADIAN PACIFIC RAILWAY COMPANY—SECOND READING

Hon. William H. Taylor moved the second reading of Bill R-5, an Act respecting Canadian Pacific Railway Company.

He said: Honourable senators, having moved the second reading of this bill it is my duty to explain it to the house and give honourable senators some facts with respect to it. The purpose of the bill is to grant authority to the Canadian Pacific Railway Company to build a line of railway fifteen miles in length from a point near Havelock, Ontario, northerly to Nephton, Ontario. Parliamentary authority is required because under section 183 of the Railway Act a railway company may not construct a branch line longer than six miles without such authority.

Havelock is a divisional point on one of the Canadian Pacific main lines, between Montreal and Toronto. It is approximately midway between Toronto and Smiths Falls, on what is known as the Peterborough line. Nephton is the site of the operations of American Nepheline Limited, a mining company controlled by Ventures Limited. The

company employs one hundred and fifty persons, one hundred and twenty-five of whom live at Nephton. American Nepheline Limited was incorporated in 1945, under the Ontario Companies Act, to take over the operations of American Nepheline Corporation, a New York company.

At Nephton the company produces nepheline syenite, which is a rock formation somewhat resembling granite in texture, hardness and general appearance. Nepheline syenite is used in the manufacture of glass and pottery. Production of nepheline syenite at Nephton has been continuous since 1935. In 1952, 77 per cent of the shipments of nepheline syenite went to the United States, while 20 per cent went to Canadian points and 3 per cent went to Porto Rico, Panama and to Europe.

Prior to 1946 the crude rock ore was shipped to Rochester, New York, for milling. In 1946 the company established a grinding mill at Lakefield, Ontario, twenty-four miles by road from Nephton, and thereafter the product was milled at Lakefield before being shipped. In 1947 a new mill was built at Nephton, and since that time additions have been made to it.

At present it is necessary for the company to transport the product by truck over a secondary development road from Nephton to Lakefield, a distance of twenty-four miles. This road is maintained entirely at the expense of the company, and transportation by truck not only involves loss of the product when finely ground but is also uncertain when the road becomes impassable because of weather conditions. Construction of the proposed line will permit the company to centralize all its operations at Nephton, and thus reduce costs and improve efficiency.

The proposed line of railway from Havelock to Nephton would cost approximately $1,500,000. Construction of the line has been a matter of discussion and negotiation between the Canadian Pacific Railway and the company for some time; and an agreement has recently been reached for construction of the line and payment of the cost. The divisional facilities which at present exist at Havelock are well adapted to give expeditious service to cars moving to and from Nephton.

The ore reserves at Nephton are estimated at over 3 million tons and have not as yet been fully explored. It is considered that at the present level of production the known and reasonably assured reserve will be sufficient to maintain production for twenty years. Both the Canadian Pacific Railway and the company are convinced that the proposal is well worth while, and they are anxious that approval of the bill be given as soon as possible so that construction of the line may be commenced early in the spring of 1954.

I commend the bill to this honourable house, and if it is favourably considered I would then move that it be referred to an appropriate committee, where representatives of the company can explain their plans, answer questions, and furnish any information the committee desires.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Taylor, the bill was referred to the Standing Committee on Transport and Communications.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, January 27, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports numbers 214 to 222, both inclusive, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill T-5, an Act for the relief of Dorothy Ann Stuart Story McKenna.

Bill U-5, an Act for the relief of Joyce Tulloch Foley.

Bill V-5, an Act for the relief of Ruth Annie Ricketts Perrett.

Bill W-5, an Act for the relief of Elizabeth Harriet Wyburd Ramseger.

Bill X-5, an Act for the relief of Warma Wilhelmiina Rantasalmi Wirtanen.

Bill Y-5, an Act for the relief of Ruuth May Rowley Grundy.

Bill Z-5, an Act for the relief of Rodney David Themens.

Bill A-6, an Act for the relief of Patricia Mackell Wilson.

Bill B-6, an Act for the relief of Joseph Aurele Denault.

Bill C-6, an Act for the relief of Arthur Ryan.

Bill D-6, an Act for the relief of Many Clenman Bernard, otherwise known as May Clenman Bernard.

Bill E-6, an Act for the relief of Lloyd Demont Noseworthy.

Bill F-6, an Act for the relief of Douglas Charles Fortune.

Bill G-6, an Act for the relief of Kenneth George Wright.

Bill H-6, an Act for the relief of Sonia Rofman Bailis.

Bill I-6, an Act for the relief of Bessie Livshitz Rudy.

Bill J-6, an Act for the relief of Monika Emilija Kasputyte Janauskas.

Bill K-6, an Act for the relief of Suzanna Marie-Therese Gens La France.

Bill L-6, an Act for the relief of Noella Cooker Prince.

Bill M-6, an Act for the relief of Rupert Evans Joyce.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: Next sitting.

PRIVATE BILL

COMMERCE MUTUAL FIRE INSURANCE COMPANY—SECOND READING

Hon. Charles B. Howard moved the second reading of Bill S-5, an Act respecting Commerce Mutual Fire Insurance Company.

He said: Honourable senators, the only purpose of this legislation is to change the name of the Commerce Mutual Fire Insurance Company, which is one of the leading insurance companies in the province of Quebec, having its head office at St. Hyacinthe. This company has been well managed and has rendered a splendid service to its policyholders. Up to April 14, 1927, the company operated under a Quebec charter, and on that date it was granted a federal charter. The company now finds that its name is not in keeping with the many classes of business of insurance it is doing and desires to discontinue the use of the words "Mutual" and "Fire".

The company, which is now known in English as "Commerce Mutual Fire Insurance Company" and in French as "La Compagnie d'Assurance Mutuelle du Commerce contre l'Incendie", desires to change its name in English to "The Commerce General Insurance Company" and in French to "La Compagnie d'Assurance Generale de Commerce".

Hon. Mr. Euler: Is the company no longer doing mutual business?

Hon. Mr. Howard: Yes, the company is doing both mutual and regular insurance business but some of the stockholders do not like the word "Mutual". Perhaps they think it interferes a little with their business.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Howard, the bill was referred to the Standing Committee on Banking and Commerce.

NORTHWEST TERRITORIES BILL

SECOND READING

Hon. T. A. Crerar moved the second reading of Bill 77, an Act to amend the Acts respecting the Northwest Territories.

He said: Honourable senators, this bill has to do with the government of the Northwest Territories. Honourable members who have read the bill probably found, as I did, an apparent confusion, because what we are doing here is amending two separate acts in this one measure, all of which has to do with the government of the Northwest Territories. A word of explanation might be in order here. The present Northwest Territories Act is found in chapter 195 of the Revised Statutes of Canada, 1952. Another act dealing with the Northwest Territories is to be found in chapter 331 of the Revised Statutes of Canada, 1952. The latter act is to come into effect on proclamation after the new Criminal Code becomes operative; but, as honourable members know, the code is still in progress through parliament. I believe some doubt has arisen lately as to whether parliament will be able to complete revision of the code at this session; and I am advised that after it has passed parliament, from six months to a year will elapse before it is finally proclaimed, for the reason that a great many new forms will have to be prepared, printed and distributed to prosecuting officers all over Canada.

With that word of explanation, it may be interesting to look for a moment at the process of the development of self-government in our local authorities throughout Canada. The provisions of this act follow very closely the development of self-government from the beginning of the history of our country. But possibly the most interesting analogy for honourable members to study can be found in the development of what, eighty-five years ago, were known as the Northwest Territories in Canada. It will be recalled that at the time of Confederation all the great western country lying between the Rocky Mountains and Hudson's Bay, and even beyond, was under the control of the Hudson's Bay Company, that famous company that had its origin in the gentlemen adventurers who were authorized by charter to trade into Hudson's Bay away back about two hundred and eighty-five years ago.

Hon. Mr. Aseltine: 1670.

Hon. Mr. Crerar: It was part of the understanding under which Confederation was brought about that this vast domain would cease to be under the control of the company and would become part of the public domain of Canada. It was necessary then for the existing government at Ottawa to provide for government in the new territory, and so, in 1869, even before the transfer had taken place, a provision was made whereby a lieutenant governor was appointed, with an appointive council, to administer the affairs of what then became known as the Northwest Territories. In 1870 a small segment of the territories was erected into what became the province of Manitoba.

In 1871 a further enactment provided that in the outlying territories there should be a lieutenant governor and an appointive council of not less than seven and not more than fifteen members. The next step appears to have been taken in 1880, when the then Northwest Territories Act was amended so as to bring about representation through the elective process. The effect of that amendment was that in an area of not more than one thousand square miles and containing not less than one thousand white population the lieutenant governor could set up a constituency and provide for the election of a member to the Northwest Territories Council. There was a further provision that when the Northwest Territories Council had reached in number twenty-one elected members, the old appointive council would cease to operate, and the twenty-one elected members would become a legislative assembly under the lieutenant governor, with power to levy taxes, administer law in the territory, and exercise all the other functions of local government.

It will be borne in mind that during all this time the decisions of the council—first when it was appointive, later when it was partially appointive and partially elective, and later still when it became the legislative assembly—were subject to review by the federal government at Ottawa, which had powers of disallowance, just as it has today over provincial statutes.

It is not necessary to say anything about the Pacific coast, as it is not germane to the discussion of this particular measure. Nevertheless, I might mention that it became a colony first in about 1850—I am looking across at my honourable friend from New Westminster (Hon. Mr. Reid) and wondering if my facts in this respect are correct—and a governor was sent out from Britain. For a time his advisers were appointed, but later they were elected.

With that brief explanation, may I say that the development now taking place in the government of the Northwest Territories follows very closely the analogy that I have just related to the house. The bill before us provides for several changes in the existing legislation.

At the present time the Northwest Territories Council consists of eight members. Four of these are appointed, and three elected, the remaining member—the head of the council—being the Commissioner for the Northwest Territories, who is the Deputy Minister of the Department of Northern Affairs and National

Resources. When the present measure was under consideration in the other house a suggestion that the elective portion of the council be increased was adopted, and under subsection 1 of section 2 of the bill the council will consist of nine members, four of whom shall be elected.

The next change proposed by the bill may arouse some curiosity, but nevertheless it has a very good reason behind it. The present term of office of the Northwest Territories Council is three years. The bill provides that the Governor in Council—that is the government here in Ottawa—may, after the expiration of two years from the return of the writs of election of the elected members of the council, dissolve the council and have a new election. The explanation is, I understand, that only at certain times of the year is it practicable to hold an election for the council in the Northwest Territories, and this amendment would ensure the holding of elections at those times.

Another change, of minor consequence, is in the time within which copies of ordinances passed by the council shall be transmitted to Ottawa. The period has been extended from ten days to thirty days.

Then there are certain provisions with regard to the control of reindeer herds, provisions which are already incorporated in chapter 331 of the Revised Statutes of Canada, but are not at present effective because that statute is not yet operative, so that they are included in this bill. They require no explanation beyond saying that the Governor in Council may transfer, under regulation for direction and supervision, to certain Eskimos, small herds of reindeer, and also make effective provisions against the decimation of reindeer by hunters or others. Both as respects the sale of products from the deer, and the use of them by Eskimos, closer supervision is provided for. That, I think, is a very wise provision.

The next point I wish to bring forward relates to a matter which at the moment is, possibly, of some interest to honourable senators; that is, the remuneration of members of the council for the services they render. The present provision is, I think, an allowance of $15 per day for living expenses while meetings of the council are being held. By the new section this allowance is to be increased to a maximum of $25, to apply only to the days that a member is in attendance at a council meeting. His travelling expenses, including his living expenses while in the course of his journeys, are otherwise provided for. Under the old legislation the maximum annual allowance was $200. That limitation is removed. As a rule, meetings of the council last three to four days; rarely, I am advised, any longer.

Hon. Mr. Hugessen: Where are they held?

Hon. Mr. Crerar: At various places. I might give some details on this point. In 1951, when the council was set up, the first meeting was at Yellowknife, in the Northwest Territories, and lasted from December 10 to December 13. The second session was held at Ottawa—there being a provision in the legislation that the council may meet in this city—and that meeting continued from July 2 to July 10, 1952. The third meeting took place at Fort Smith, from December 8 to December 11 in the same year. The next council meeting was at Yellowknife, and lasted from June 25 to June 30, 1953. I understand that recently another meeting was held here in Ottawa.

It might be appropriate to mention the personnel of the council. As I have already stated, the Commissioner is Mr. R. G. Robertson, Deputy Minister of the department which is now known as Northern Affairs and National Resources. Mr. F. J. G. Cunningham, who is one of the officers of the department having to do with far northern administration, is Deputy Commissioner. The other members are Mr. L. C. Audette, a member of the Maritime Commission; Air Commander W. I. Clements, who is with the National Defence Department; Mr. Jean Boucher, attached to the Department of Citizenship and Immigration; and Commissioner L. H. Nicholson, of the Northwest Mounted Police. These gentlemen constitute the appointed members of the council. The elected members are: Mr. James Brady, of Fort Smith, representing the constituency of Mackenzie South; Mr. Frank Carmichael, of Aklavik, representing the district of Mackenzie West; and Mr. M. A. Hardie, of Yellowknife, representing Mackenzie North. As many honourable senators know, Mr. Hardie resigned from the council to contest, at the last federal election, the riding of Mackenzie. He was elected, and now sits in the House of Commons; so at the moment Mackenzie North is unrepresented on the council.

Another clause provides that when a member of the council resigns, or dies, the government may appoint a substitute rather than call for a new election. The carrying out of elections in this far northern country is a rather expensive business, and since the term of office is for only three years it seems reasonable not to take strong exception to this provision.

Another provision authorizes the Commissioner in Council to make agreements with the federal government. These agreements

are similar in principle to the federal-provincial financial agreements at present in force in nearly all our provinces. The federal government will collect income taxes and succession duties in the Territories and will make an agreement with the Council to pay back to the Territories a certain amount that may be mutually agreed upon.

There are also provisions for the holding of land. It will be necessary for the federal government to acquire the ownership of land upon which public buildings and other places may be erected. There is also provision governing the oaths of offices.

Honourable senators, I think I have covered what needs to be said in moving the second reading of this bill. If the bill is given second reading I shall suggest that it be referred to the Standing Committee on Natural Resources, where detailed information may be supplied on the various aspects of the administration of these Territories. It is important to remember that we are taking short steps, looking forward to the time when this vast area may enjoy the same application of self-government that is enjoyed today by the existing provinces of Canada. The growth of the Northwest Territories will depend mainly on the development of mining. Its agricultural resources are limited indeed, and while many of its people derive a livelihood from trapping, settled communities of varying size will follow only upon mining development. No one can say how rapid or extensive this expansion will be. Canada has great resources in the Northwest Territories, and this legislation is a step towards giving the people of that huge area a more active voice in the manner in which they are governed.

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: Can the honourable senator give the house any information as to the number and location of reindeer in the Northwest Territories, and how they are being looked after Is there any possibility of the reindeer increasing to such numbers that they will provide food for the Eskimos? I should also like to know something about the present population of the Northwest Territories.

Hon. Mr. Crerar: I believe I furnished the house with information about the reindeer when I moved the second reading of Bill 6, an Act respecting the Department of Northern Affairs and National Resources. The reindeer were originally brought into Alaska from eastern Europe, and in 1929 Canada bought some 3,000 head in Alaska. By actual count 2,370 of these reindeer reached the Aklavik delta three years later. Since that time the herd has increased and now stands at 7,731. Of these, 2,685—according to the notes given to me—constitute a herd operated by the government. There are three other herds operated by Eskimos under the supervision and management of the government. If the house will excuse me I shall not attempt to pronounce these Eskimo names, but simply say that there are 1,841 reindeer in herd No. 1, 2,039 in herd No. 2, and 1,166 in herd No. 3. This represents an experiment, and I think I may claim some credit for initiating this idea when I was in the department.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: If the Eskimos can be taught to supervise and look after these herds as good husbandmen in other provinces look after their cattle, they should be almost wholly self-supporting. Before you give an Eskimo a herd of reindeer you must be reasonably sure that he will look after it. If he learns that it pays him to do this, other Eskimos will be encouraged to follow his example. This development is bound to be slow in its initial stages, but as it proceeds it will attract more people to it. I think we can look forward to the day when the majority of Eskimos will have their own herds of reindeer and thus be largely self-supporting.

Hon. Mr. King: Are the Eskimos attempting to domesticate any of these animals?

Hon. Mr. Crerar: I cannot answer that question. However, as my honourable friend knows, reindeer can be domesticated.

Hon. Mr. King: Is that the expectation of the department?

Hon. Mr. Crerar: That question would have to be answered in committee, for I have not inquired as to that particular point. The fact is that the reindeer originally came from northern Europe, where Laplanders and Norwegians, among other northern peoples, domesticated these animals. They used them for the production of milk and made clothing from their skins. And it is well known now that reindeer provide a very excellent source of meat diet. So, with these attributes there is not any question of the value of reindeer in those far northern regions.

Hon. Mr. Wood: There must be some surplus of reindeer now, because any one can buy reindeer meat from the Northwest Territories.

Hon. Mr. Crerar: I did not quite follow what the honourable member said.

Hon. Mr. Wood: The honourable senator from Rosetown (Hon. Mr. Aseltine), asked

how many reindeer there are in the Northwest Territories. There must be a surplus, because the meat is being sold. Anybody can buy reindeer meat; I buy it myself.

Hon. Mr. Crerar: A certain number of them are lost each year, but the total herd is increasing. I think the hospitals at Aklavik and at Fort Norman are very largely supplied with reindeer meat, which is much less expensive than beef. I observed in the notes before me that some of the skins or hides taken from these animals have been sent farther east to Eskimos who have no reindeer. This is all part of the development of the economy arising out of the propagation of reindeer herds.

Hon. Mr. Roebuck: May I ask the honourable gentleman a question? What possible connection can there be between the coming into force of chapter 331 of the Revised Statutes of Canada and the coming into force of the new Criminal Code? I am just a little curious. Why is one act tied to the other?

Hon. Mr. Crerar: This legislation will govern. My honourable friend will notice that we are proposing to amend both chapter 195 of the Revised Statutes of Canada, which is the existing Northwest Territories Act, and also chapter 331, which, however, is not operative at the moment. When the proposed Criminal Code becomes operative and chapter 331 is proclaimed, chapter 195 will go out the window.

Hon. Mr. Roebuck: But what is the connection between the Criminal Code and chapter 331? I may be slow in the uptake, but I cannot see how the two are tied together. Why does chapter 331 come into effect only when the new Criminal Code is proclaimed? Chapter 331 should come into force when the statutes are proclaimed.

Hon. Mr. Crerar: I am afraid I cannot fully answer that question. It was one that I feared might be asked!

Some Hon. Senators: Oh, oh.

Hon. Mr. Crerar: It has to do in some way with the code, which, frankly, not being a lawyer, I do not understand. When the bill goes to committee I am quite certain that the Law Clerk of the Senate will provide the necessary enlightenment for any member to whom it is not clear.

Hon. Mr. Roebuck: I was just curious. But I do want to make an observation in connection with this bill. I remember that when the bill which is now chapter 331 was before this house a discussion arose during the debate as to the constitution of the Northwest Territories Council. I expressed disappointment at the very slow rate of speed on the part of the government in bringing about self-government of these people. I note that there are now five civil servants on the council, and only three elected members, with one vacant seat. I wrote down the names of the appointees. They are leading members of our various departments, two being from the controlling department, one from the Department of Citizenship, an air commander, and, finally, the head of the Northwest Mounted Police. These men, five in all, of high standing, of course, are no doubt of great influence, with forceful personalities. Then I see the three little elected representatives, apparently about as influential as a fly in a bucket of milk, with all the weight of these civil servants against them. I should think that the people of the Northwest Territories would take serious objection to rule from Ottawa; because apparently the elected representatives are just a gesture, and their influence does not amount to anything. How can they possibly have any real influence in a council of that kind?

I do hope that the honourable gentleman's prognostication that it will be a long time before real self-government comes to these people is unduly pessimistic. The slowness with which we are handling self-government in the Northwest Territories is somewhat reminiscent of the attitude adopted at Westminster towards us in the early days, when it was thought that we benighted colonists did not have intelligence enough to run our own affairs and those very wise and very important people at Westminster had to tell us how to manage Canada. At that time we were able to take charge of our own affairs, as we proved in later days. I do not suppose we are any wiser than our fathers were, but today no one would think of coming over here even to advise us how to manage our own affairs, much less to bully us or push us about. I rather fancy that that old attitude is maintained by the Civil Service and the Government of Canada towards these outlying districts. I once lived in a sparsely settled part of the north, and I found that people there possessed as much common sense as those in larger communities.

I think we are moving much too slowly in giving really representative government to the Northwest Territories, and I wanted to record these statements in connection with the bill, as I did when the bill which is now chapter 331 was before this house about two years ago. I sincerely hope that my friend's words are unduly pessimistic, and that greater progress than he anticipates will be made in extending self-government to the Northwest Territories.

Hon. Mr. Turgeon: May I ask my honourable friend a question? Is it not a fact that, regardless of their small population, parliament has granted to the Northwest Territories the right to elect a member to the House of Commons, and is not that at least the beginning of a definite recognition of the importance of self-government in the Territories?

Some Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: I do not think that is entirely a question but rather a statement of opinion, with which I agree. I am very glad we have done that, and that some representation in parliament is given to the people of that sparsely settled outlying district. I do not know that we are very generous in the matter. However, the voice of the Northwest Territories can now be heard on the floor of the other house, which is an advantage to us. I grant you that we have done something in the matter, but I persist in the hope that greater progress will be made in the granting of self-government to these people.

Hon. Thomas Reid: Honourable senators, during the course of his remarks the honourable senator from Churchill (Hon. Mr. Crerar) referred to the remuneration of members of the Northwest Territories Council. I am not rising to criticize that, but to commend it. It is quite apparent, and it cannot help but be noticed, that in changing the act care was taken to provide remuneration for each day of attendance at the sessions of the council. Now, I have always been rather suspicious of that mysterious group of civil servants called the Treasury Board, a board that no one can place their finger on. It is quite apparent that when that board is drawing up legislation where civil servants are concerned it takes good care to protect them. I am pleased that they are protected, but I want to tell honourable senators what is currently taking place regarding those who are serving in high offices on international commissions. It is evident that a mysterious body the Treasury Board has taken a whack at them. I happen to be chairman of the International Pacific Salmon Fisheries Commission, and just a few days ago I received a notice that we are now to be paid on an hourly basis. If a session lasts less than twelve hours—listen to this, honourable senators—if it lasts less than twelve hours, it is not a day, and if it only lasts between six and twelve hours, it is half a day.

Hon. Mr. Euler: What has that to do with the Northwest Territories?

Hon. Mr. Hugessen: Surely the chairman of such an important commission can regulate that.

Hon. Mr. Reid: If I can get hold of that mysterious body which I call the Treasury Board I shall be able to argue my case very well. There are, I think, some five civil servants on this proposed Northwest Territories Council, and from all evidence they are taking good care to protect themselves. I congratulate them on doing so. According to this bill they are going to be paid for attending council meetings at so much for every day.

Now, let me point out something to the honourable leader (Hon. Mr. Macdonald), and I trust he will take it to the government. We members of commissions of the type that I mentioned are holding positions just as high as are the members of the Northwest Territories Council. And I may say that from time to time the government will by order-in-council be appointing other international commissions whose members will be holding equally important positions, but their remuneration too, as far as I can gather, will be paid for on an hourly basis. When I leave my home to attend a meeting of the salmon fisheries commission, I have to spend one hour in travelling; and if the meeting lasts less than twelve hours, that is reckoned half a day. According to the new ruling of this group of Treasury Board officials, I must be sitting twelve hours at a meeting in order to be paid for one day. Remuneration is no longer to be based on attendance at a meeting, but on the number of hours I am in attendance.

The labour involved in serving on these commissions does not arise from mere attendance at meetings. By way of illustration, as chairman of the International Pacific Salmon Fisheries Commission I will have to sign my name annually some eleven thousand times on vouchers connected with the business of this commission. I am not complaining, though. I have gladly done this work with pride, shall I say, on behalf of the country. All I want to do now is to draw the attention of this house to the fact that here is a case where the Civil Service is going too far. Where civil servants are concerned, as in this case, one can readily see that the board inserts in the legislation provision that they are to be paid for attendance at council meetings. According to this bill, in order to draw a full day's pay a member of the council need only sit half an hour, or if he is off sick that day he still gets paid for a full day. However, when it comes to officials on international commissions, the Treasury Board says: "Twelve hours is your day—twelve hours or no pay". I protest against

the power exercised by the Treasury Board officials in paying men in high positions on an hourly basis.

Hon. Mr. Aseltine: Do you not get a daily living allowance in addition?

Hon. Mr. Reid: No. As a matter of fact, I have never sent in a bill for living allowance, because I was near home. As I say, I take pride in doing this work on behalf of the country. What I am protesting about is the ruling contained in the notice I received three days ago that unless I sit twelve hours it will not be considered a day. I ask the Leader of the Senate in the Government to draw the attention of the Government to this state of affairs. It does not concern me alone. There must be at least twelve or eighteen commissioners who are now to be designated as civil servants, in so far as remuneration is concerned.

Hon. Mr. Kinley: Is the Treasury Board not a committee of the cabinet?

Hon. Mr. Reid: If you will tell me who its members are I will be glad to go after them.

Hon. Mr. Euler: You can easily find out who they are.

Hon. Mr. Crerar: I do not know if any one else wants to speak on this matter or not.

The Hon. the Speaker: If the honourable senator from Churchill (Hon. Mr. Crerar) speaks now he will close the debate.

Hon. Mr. Aseltine: Before the debate is closed I should like to obtain some information on the population in the Northwest Territories. I understand the population is about thirty thousand, including white people, Indians, Eskimos and every one else in the whole territory.

Hon. Mr. Crerar: The information I have here is that the total population as determined at the last census was 16,004, of whom 5,334 were whites, 4,061 were Indians, and 6,199 were Eskimos.

Hon. Mr. Aseltine: You could not expect to have more than one member of parliament for a population of sixteen thousand people, could you?

Hon. Mr. Kinley: In view of the remarks made by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), may I ask if my honourable friend from Churchill (Hon. Mr. Crerar) can tell us how much it costs to carry on the business of government in that particular part of the country?

Hon. Mr. Crerar: You mean the cost of administering the Northwest Territories?

Hon. Mr. Kinley: We have a divided responsibility there—a council composed of some appointed and some elected members —and the government pays the shot.

Hon. Mr. Crerar: I find, for instance, that the cost of holding the elections for the three elected members was over $13,000.

Hon. Mr. Kinley: What is the cost of administration?

Hon. Mr. Crerar: I think I have that information here; I will see if I can find it.

Hon. Mr. Euler: Honourable senators, I would suggest that this debate is getting out of order. We in the Senate are quite easy-going, but I would think that the remarks of the senator from New Westminster (Hon. Mr. Reid), who is a good friend of mine, are largely out of order. All these questions now being asked are as to matters of detail which can very well be left to consideration when the bill is in committee.

Hon. Mr. Roebuck: To ask the questions now will do no harm.

Some Hon. Senators: Question!

Hon. Mr. Roebuck: Honourable senators, I should like to ask whether there is any provision in the present law, or in the proposed amendments, for the setting up of municipal governments from time to time as communities develop in the Northwest Territories? Is there any provision for the setting up of a municipal council?

Hon. Mr. Crerar: I am not very well informed on that point. It too is information that can be secured in the committee. However, I may say that the largest community in the Northwest Territories, if my memory serves me right, is Yellowknife.

Hon. Mr. Haig: Yes; it elected a representative last fall.

Hon. Mr. Crerar: Fort Smith is another major community. Again, if my memory is not at fault, Yellowknife has a municipal organization of a type. The Northwest Territories Council, as I understand it, has to do not with the administration of the municipal affairs of Yellowknife, but with the whole Territories.

As I assume no other honourable senator wishes to take part in the debate at this time, I will close it.

Hon. Mr. Howard: Close it.

Hon. Mr. Crerar: Replying first to the question asked by the honourable member for Queen's-Lunenburg (Hon. Mr. Kinley), I can give the following information as to the revenue and expenditures of the Northwest Territories. Total revenue was $660,000, of which $288,000 came from liquor profits—

Hon. Mr. Haig: Good old liquor!

Hon. Mr. Crerar: —and certain amounts from repayment on debentures, revenue from licenses such as trapping, hunting, fishing and similar things. Under expenditures, the largest item was for education, which amounted to more than $200,000. Further details can be given in committee; I do not intend to burden *Hansard* with them.

In reply to the question asked by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), may I briefly say that no one in this house believes more firmly in representative government than I do.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Crerar: But in these circumstances the existing conditions must be taken into account: this immense area extends, as I said a moment ago, from the northern boundary of Alberta to Aklavik, a distance of probably 1,000 miles or more, and about the same distance across, and it is inhabited by approximately 6,000 white people. Obviously the problems of government in such a large area with a sparse population cannot be compared to those in a similar area inhabited by 150,000 or 200,000 people. Consequently, development is slow. The important thing to me is that we are moving forward, and giving the people of each of the electoral districts the opportunity to elect a representative to the council, to put forward their case and advance their interests.

On the point raised by the senator from New Westminster (Hon. Mr. Reid), I perhaps failed to make clear that the expense allowance for members of the council could not be in excess of $25 a day. I should think that both the elected and appointed members of council would have to submit itemized expense accounts for, say, attending meetings, but the amount claimed by each could not exceed $25 a day.

Hon. Mr. Roebuck: I presume transportation costs would be in addition to that amount, would they not?

Hon. Mr. Crerar: Yes. It must be borne in mind that when the council meets in Ottawa nearly all the appointed members are resident here and would have no expenses. The allowance is intended, as I have said, to cover the expenses of appointed or elected members who may be called to a meeting in Yellowknife, Fort Smith, or wherever it may be held. In my opinion, there can be no solid basis for criticism on that account.

Hon. Mr. Reid: Honourable senators, I would like to make it quite clear that I offered no criticism on the allowance of $25 per day.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Crerar, the bill was referred to the Standing Committee on Natural Resources.

DIVORCE PETITIONS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 150 to 169, both inclusive, and Nos. 171 to 213, both inclusive, dealing with petitions for divorce.

Hon. Mr. Roebuck moved that the reports be concurred in.

The motion was agreed to, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, January 28, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

UNITED KINGDOM FINANCIAL AGREEMENT BILL

REPORT OF COMMITTEE

Hon. Elie Beauregard, Acting Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 78.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill 7, intituled: "An Act to approve the Financial Agreement between Canada and the United Kingdom, signed on the thirteenth day of August, 1953", have in obedience to the order of reference of January 21, 1954, examined the said bill and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Kinley: Next sitting of the house.

Hon. Mr. Macdonald: Next sitting.

PRIVATE BILL

GREAT LAKES REINSURANCE COMPANY— REPORT OF COMMITTEE

Hon. Mr. Hugessen presented the report of the Standing Committee on Miscellaneous Private Bills on Bill Q-5.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Miscellaneous Private Bills to whom was referred the Bill (Q-5), intituled: "An Act respecting The Great Lakes Reinsurance Company", have in obedience to the order of reference of January 20, 1954, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Bishop: With leave of the Senate, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, with leave of the house, I move that when this house rises today it stand adjourned until Tuesday next at 8 o'clock in the evening.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Golding, for the Chairman of the Standing Committee on Divorce, presented the following bills:

Bill N-6, an Act for the relief of Lois Helen Kutzman Caplan.

Bill O-6, an Act for the relief of Fernand Constant Daemen.

Bill P-6, an Act for the relief of Mary Kazymerchyk Senyck.

Bill Q-6, an Act for the relief of Rosalie Hetty Arbess Sofin.

Bill R-6, an Act for the relief of Lucille Lafortune Wilson.

Bill S-6, an Act for the relief of Wilfrid Cote.

Bill T-6, an Act for the relief of Janca Fani Pollak Schlesinger.

Bill U-6, an Act for the relief of Sadie Marie Ansingh Grosheintz.

Bill V-6, an Act for the relief of Douglas Morrison Meldrum.

Bill W-6, an Act for the relief of Alec Lenetsky.

Bill X-6, an Act for the relief of Dorothy Lilian Asbury Davies.

Bill Y-6, an Act for the relief of Nicholas Krauchuke.

Bill Z-6, an Act for the relief of Esther Kohn Rosner.

Bill A-7, an Act for the relief of Marguerite Jazzar Nassar.

Bill B-7, an Act for the relief of Leona Bobby Denberg Wiseman, otherwise known as Leona Bobby Denberg White.

Bill C-7, an Act for the relief of Marianne Roos Axelrad.

Bill D-7, an Act for the relief of Margaret Jaunzen Dishler.

Bill E-7, an Act for the relief of Pearl Witzling Socolow.

Bill F-7, an Act for the relief of Jennie Chun Readman.

Bill G-7, an Act for the relief of Gizella Szabo Herczeg.

Bill H-7, an Act for the relief of Lilija Hedviga Treimane Jursevskis.

Bill I-7, an Act for the relief of John Richard Maher.

Bill J-7, an Act for the relief of Elizabeth McDonald Jones Roy.

Bill K-7, an Act for the relief of Claire Viola Frechette Ainsworth.

Bill L-7, an Act for the relief of Margaret Reta Dodge Parsons.

Bill M-7, an Act for the relief of Estella Cluett Jensen.

Bill N-7, an Act for the relief of Angelina Natale Beaucaire.

Bill O-7, an Act for the relief of Dorothy Miller Osborough Davidson.

Bill P-7, an Act for the relief of Marie Rose Gisele Houde Dionne.

Bill Q-7, an Act for the relief of Olga Pscheidt Arsenault.

Bill R-7, an Act for the relief of Edward Robinson Harris.

Bill S-7, an Act for the relief of Cathrine Pieternelle Wytenbroek Knight.

Bill T-7, an Act for the relief of Anton Bliziffer.

Bill U-7, an Act for the relief of Theodore Rolfsmeyer von Berzeviczy.

Bill V-7, an Act for the relief of Agnes Broo Hammond Bailey.

Bill W-7, an Act for the relief of Emma Antoinette Rachel Lauzon McDuff.

Bill X-7, an Act for the relief of Idella Adeline Sharpe Cutler.

Bill Y-7, an Act for the relief of Walter Leonard Woodward.

Bill Z-7, an Act for the relief of Marion Shirley Barsky Burg.

Bill A-8, an Act for the relief of Florence Elene Thom Ward.

Bill B-8, an Act for the relief of William Jean Paul Powroz.

Bill C-8, an Act for the relief of Lewis Swailes.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Golding: Next sitting.

TERRITORIAL WATERS

NOTICE OF MOTION WITHDRAWN

On the notice of motion by the Hon. Mr. Reid:

That an order of the Senate do issue for a return of a copy of the second report of the résumé concerning the territorial waters, presented to the International Law Commission of the United Nations, by Professor Francis, in February, 1953.

Hon. Mr. Reid: Honourable senators, having received the information required, I move, with leave of the house, that the notice of motion standing in my name be withdrawn.

The motion was agreed to, and the notice was withdrawn.

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DEFENCE ESTABLISHMENTS AND PLANTS

VISITS BY MEMBERS OF BOTH HOUSES

On the Orders of the Day:

Hon. John J. Connolly: Honourable senators, before the Orders of the Day are proceeded with, it might be appropriate to say a few words in the Senate with reference to visits which were made by a number of members of both houses to certain installations of the armed services and to plants dedicated to the production of equipment for the Canadian defence program in the Montreal area. These visits were arranged by the Minister and the Associate Minister of National Defence, and they took place on the 24th of November, 1953, and on the 27th of January of this year. About fifty members of parliament attended each event. We saw in the first instance the installation at the Air Defence Command Headquarters near Montreal. That establishment is in charge of Air Vice-Marshal A. L. James. We had some considerable discussion with him and his officers on some of the problems of air defence in this country, and we saw a very magnificent and, I perhaps might add, a somewhat terrifying flying display by F-86 Sabre Jets and by CF-100 planes of the Royal Canadian Air Force.

We also had the privilege of visiting No. 25 Central Ordnance Depot at Longue Pointe, which establishment is under the command of Lieutenant Colonel G. E. Shannon. We saw a similar establishment operated by the Department of National Defence for the Naval Service at Ville La Salle, under the command of Commander J. R. Anderson. Both these officers and all officers on their staffs did everything that it was possible to do to make the visit of the members of both houses of parliament to those establishments interesting and enjoyable.

We also had the privilege of visiting two plants engaged in the production of war materials for the country. One was Canadian Vickers Limited, on the Montreal waterfront. There we were received by Colonel O. H. Barrett, president of the company, and many of his officers and other officials, as well as by the naval service officers who work there in liaison between the Department of National Defence, naval branch, and the company. At that plant they are building destroyer escort craft, frigates, minesweepers, and they are doing a very fine kind of job of naval construction in this country.

I must say, from my own personal point of view, it was most reassuring to see this; because as all honourable members know so

well, the development and operation of a naval service in a country is only as good as the naval building program that is behind it. There has been some tremendous development of the naval building program in this country since the days of the late war.

We also had the privilege of visiting the facilities of Canadair Limited just outside of Montreal, and there our visit was in charge of the president of the company, Mr. J. G. Notman. As honourable senators know, it is there that the F-86 and T-33 aircraft are built. The company is doing a splendid job in the aircraft industry of Canada.

The occasion of these visits provided members of parliament with an opportunity to see, to understand, to discuss, and I think, in a modest way, to make some assessment of the work involved in carrying out the country's defence plans. We were given some idea of the problems encountered in these plants and the methods employed in their solution. I think, too, we had some opportunity of assessing the effect upon the national economy, at least in that part of the country and perhaps in many parts of the country, of those particular industries which we saw.

Honourable senators, this is not the time or place to discuss conclusions, but on behalf of the representatives of both houses of parliament who visited these establishments and plants I know I may say that we are most grateful for the opportunities which were afforded us to see what we did. Our thanks are due, firstly, to the Minister of National Defence, the Honourable Brooke Claxton, and the Associate Minister, the Honourable Ralph O. Campney, and secondly to the members of the Royal Canadian Air Force who provided very efficient and comfortable transportation—and to provide transportation at all in yesterday's weather was a sign of efficiency. To the personnel of all three branches of the armed services, the navy, the army and the air force, who were very good and most generous in what they did, we are most grateful. Finally, to the officials of the two companies, Vickers and Canadair, we express our thanks for the information and explanations which they gave, for their carefully arranged schedules and last, but certainly not least, for their hospitality.

Some Hon. Senators: Hear, hear.

CRIMINAL CODE

JOINT COMMITTEE ON CERTAIN QUESTIONS OF CRIMINAL LAW—DEBATE ADJOURNED

The Senate proceeded to consideration of a message from the House of Commons regarding the appointing of a joint committee of both houses of parliament to inquire into and report upon the questions whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment or (c) lotteries, should be amended in any respect and, if so, in what manner and to what extent.

Hon. W. Ross Macdonald: Honourable senators will note from the content of this resolution that it is proposed to give special study to the subjects set forth in the resolution, namely capital punishment, corporal punishment and lotteries, all of which come within the provisions of the Criminal Code. It might perhaps be in order for me to review briefly the steps that have been taken over the past few years with respect to the Criminal Code.

In 1949 an examination and study of the code was authorized by Order in Council No. 527, and the task of preparing a new consolidation was assigned to a commission consisting of the Honourable Mr. Justice W. M. Martin, Chief Justice of Saskatchewan, as chairman, the Honourable Mr. Justice J. H. G. Fauteux and Mr. F. P. Varcoe, Q.C., Deputy Minister of Justice. The commission was to have the assistance of a committee representative of the country's outstanding legal talent. Subsequently, however, some members of the commission and also of the committee found that other duties, on the Bench or in private practice, prevented them from giving the necessary time to the work.

In 1951, therefore, a second commission was set up, again under the chairmanship of Chief Justice Martin, and on Jaunary 22, 1952 it submitted to the government its final report, together with a bill which it had drafted and which constituted a draft Criminal Code Consolidation Bill.

Honourable senators will recall that on May 12, 1952, that bill, known as Bill H-8, was introduced in this house, and on May 15 it was referred to the Standing Committee on Banking and Commerce. The committee appointed a subcommittee, which under the able chairmanship of the honourable senator from Toronto (Hon. Mr. Hayden), examined the bill clause by clause. Honourable members are aware of the prodigious amount of work which this subcommittee devoted to the bill. Its study was continued until the end of the 1952 session; and although, I understand, the committee met four or five times a week, so thoroughgoing were its deliberations that it was unable to conclude its work before parliament adjourned.

During the summer of 1952, as a result of the discussions in the house and by the committee, certain changes in the proposed bill were made by the Department of Justice, and

the bill, thus altered, was introduced as Bill O into the Senate in November, 1952. Once again this house referred the matter to its Banking and Commerce Committee, which set up a subcommittee to study the bill. Honourable senators will recall the painstaking consideration which that subcommittee gave to the bill. I am informed that it recommended one hundred and sixteen amendments—and this, after the previous bill had received preliminary consideration by both houses of parliament the previous session. Some of the amendments were merely technical, but most of them reflected careful thought on the part of the members of the subcommittee, whose wide experience in the field of law enabled them to suggest many constructive changes. They did not restrict themselves to accepting the findings which had been drafted by the Royal Commission. May I say that the able study of the criminal law by this house and by its committee has, I know, won for this chamber and for its members the highest esteem, both in the other place—of which at the time I was a member—and from the public at large, whence had come representations by various organizations and groups who believed that their interests might be seriously affected by substantial changes in the Code. After having been passed by the Senate on December 17, 1952, the bill was sent to the House of Commons, where, as Bill 93, it was introduced in the same month, received second reading, and was referred to a special committee. There, careful scrutiny was again given to this important legislation, and oral representations were made by delegations appearing on behalf of various groups. Probably never before in Canadian history has legislation been more carefully considered by our legislative bodies, nor has there been a greater opportunity for groups to present their own particular views before a parliamentary committee. The report of the committee was brought down in May, 1953, but it was then too late for the bill to receive further consideration at that session. Honourable members will recall that parliament was prorogued in May so that a number of members could attend the Coronation.

I do not think the committee in the other place was completely satisfied with its findings with respect to the three matters which I have mentioned. In part, its report reads as follows:

> The committee, upon the material before it, was not prepared to recommend a change in the present law respecting the defence of insanity, lotteries and the imposition of punishment by whipping and by sentence of death, but unanimously has come to the conclusion, and so recommends, that the Governor General in Council give consideration to the appointment of a royal commission, or to the submission to parliament of a proposal to set up a joint parliamentary committee of the Senate and the House of Commons.

After carefully considering this part of the committee's report the government considered it advisable that a joint committee of both houses be set up for further study of three of these very important questions of criminal law. The other house has already passed a resolution for the establishment of a joint committee, to which it will appoint seventeen of its members, and has requested the Senate to join with it by naming a number of senators to the committee. The other house has not yet named those seventeen members, but in the resolution that I am about to move I shall name eight senators whom I would suggest for appointment as this chamber's representatives on the committee.

Honourable senators, I have the honour to move, seconded by the honourable senator from Rougemont (Hon. Mr. Beauregard), the following resolution:

> That the Senate do unite with the House of Commons in the appointment of a joint committee of both houses of parliament to inquire into and report upon the questions whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment or (c) lotteries should be amended in any respect and, if so, in what manner and to what extent;
>
> That the following senators be appointed on behalf of the Senate on the said joint committee, namely, the Honourable Senators Aseltine, Beauregard, Bouffard, Farris, Fergusson, Hayden, Roebuck and Veniot.
>
> That the committee have power to appoint, from among its members, such subcommittees as may be deemed advisable or necessary;
>
> That the committee have power to print such papers and evidence from day to day as may be ordered by the committee for the use of the committee and of parliament;
>
> That the committee have power to send for persons, papers and records, and to report to the Senate from time to time;
>
> That a message be sent to the House of Commons to inform that house accordingly.

Hon. John T. Haig: Honourable senators, I do not intend to speak at any length but I want to say a few words because of the complimentary reference made by the Leader of the Government (Hon. Mr. Macdonald) to the work done by the Senate on the Criminal Code bill at two previous sessions.

As honourable senators know, our criminal law stems from the common law of Great Britain. When the new Code is proclaimed and is in effect all criminal charges will be based on that Code. Defences that accused persons have in the past had available to them under the common law will continue to be available under the Code. I do not intend to go into this subject in any detail at present. As the Leader of the Government has said, members of the commission appointed to study the Criminal Code were

unable to spare the time to do the necessary work. That is quite understandable. The membership of the special committee which was later appointed to assist the commission was made up largely of crown prosecutors and other such officials. The standpoint of a crown prosecutor in relation to an enactment of this kind is understandable, and honourable, and inevitably his views will be reflected in the proposed legislation. When this bill came to the Senate I had the honour to serve for one week on the subcommittee which examined it clause by clause. It seems that after one week I was considered to be too busy with other matters to be further called upon, and I think in this decision the committee used good judgment. However, in that short week I could see that the legislation had been drafted from the point of view of crown prosecutors. I do not say this in an offensive way, for I would probably have done just as they did had I been in their position. When a person is drafting legislation his training in life, whatever it may be, is bound to have an effect on the legislation. Excepting myself, the membership of the Senate subcommittee consisted largely of distinguished lawyers who have devoted a great deal of time to litigation, and frequently, I believe, have appeared on behalf of the defence. Naturally, they often find themselves opposed to ideas held by officials of the crown prosecutor type. I have in mind one of these, a prosecuting counsel from the Department of Justice, a very able man—he comes from my province!

Some Hon. Senators: Oh, oh.

Hon. Mr. Haig: He is a lawyer of great experience, and is now again in practice in one of the largest firms in Winnipeg. He showed, quite properly, the reactions one would expect.

I think the honourable senator from Toronto (Hon. Mr. Hayden), the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), the honourable senator from Vancouver South (Hon. Mr. Farris) and the honourable senator from Grandville (Hon. Mr. Bouffard) made a contribution to the Criminal Code which will never be appreciated in proportion to its worth. I know that when a senator is on a committee he does good work; but the four gentlemen I have referred to worked as though life or death depended on their efforts. They dotted every "i" and crossed every "t", so to speak. I admit that sometimes one man's opinion would conflict with another's, but whenever I was there they stayed with the job until they got a unanimous decision. Those gentlemen have made a great contribution to the law—an achievement so great that when the bill came before the House of Commons for second reading, that house adopted almost all the amendments made by our original committee.

It is, I think, to the credit of the Minister of Justice and this house that the criminal law has been codified in its present form. The task was long overdue.

People have complained to me because the statutes are not revised every fifteen or twenty years. In my province the revision is made, I think, every twenty years. The latest Revised Statutes of Canada are those of 1952, the first since 1927—in other words, there was no revision for twenty-five years.

Hon. Mr. Macdonald: That was on account of the war.

Hon. Mr. Haig: I admit that there are always good reasons for any delay. At the same time, practising lawyers and their clients are entitled to a reasonably frequent revision of the law, and I think the maximum period of time for revisions of the Code should be twenty years. I say that because amendments have to be made from time to time. Law is a growing thing. Some people think otherwise, but the law does grow.

Hon. Mr. Aseltine: In Saskatchewan there is a revision every ten years.

Hon. Mr. Haig: That is too often, because lawyers then have to buy law books too frequently. I think twenty years should be the maximum, though.

Hon. Mr. Macdonald: The same as in Ontario.

Hon. Mr. Haig: The honourable Leader of the Government did me the compliment of saying that he would like to include me in the committee. I have two reasons for not accepting. First, I have not the physical strength, and I do not want to put to the test what strength I have. Secondly, I think I would go there with prejudices, which I doubt that I would get over. I think members of the committee will find difficulty in overcoming their preconceived views.

I do not know of any better way of dealing with the special subjects of the criminal law that have been mentioned than the way that has been suggested here. I do not intend to discuss any of these matters on their merits at present.

I heartily support the resolution. The Leader of the Government did me the honour of allowing me to see the names he has suggested, and I approved of them. I believe they will give fine service and be a credit to this house, as all committees of the Senate have been since I first came here.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: They have all been a credit to this chamber; and I am not a bit afraid that any member appointed by the other house to the proposed joint committee will be able to teach the representatives of this house anything about the law.

Hon. W. D. Euler: Honourable senators, I rise to make what is perhaps a slight criticism, and also a suggestion. I too was a member of the Banking and Commerce Committee by which the Code was considered at two previous sessions. A very strong subcommittee of prominent and able lawyers was appointed to consider the bill in detail, and brought in its report. They did a splendid job. I am not a lawyer myself, fortunately—or perhaps unfortunately, I am not sure which—but I want to compliment them. I have no fault whatsoever to find with the list of senators suggested by the leader as representatives of this house on the joint committee. However, I do think that for the purpose of considering the merits of capital punishment, corporal punishment, or lotteries, the lawyers in parliament are not any better equipped than other members.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Euler: Perhaps the lawyers are not quite so well equipped. As was said by my friend the Leader of the Opposition (Hon. Mr. Haig), some of them have the prosecuting attorney's—

Hon. Mr. Haig: Frame of mind.

Hon. Mr. Euler: I think I shall have the support of most people when I say that no technical knowledge of law is required to consider the merits of capital punishment, corporal punishment, or even lotteries. I do not suggest that the prominent lawyers should be displaced from the committee, but rather that some members of this chamber should be included—and in this of course I am not excepting the lawyers here—who have some common sense with regard to these matters.

Some Hon. Senators: Oh, oh.

Hon. Mr. Euler: I am asking that some members be included who would not have to rely on their technical knowledge of fine points of the law. I believe that one of the suggested members is not of the legal profession; I think the proportion of those who do not belong to that esteemed profession might be made a little larger.

Hon. Thomas Reid: Honourable senators, I rise to join in support of the honourable gentleman who has just taken his seat. As the leader will agree, the set-up for the revision of the Criminal Code was a splendid one. On the one hand, men holding high government office represented the prosecutor's point of view; on the other hand were lawyers experienced in presenting the point of view of the defence.

We all have our views regarding corporal punishment, hanging, and lotteries. One does not need a training in law in order to form opinions upon these matters. If I am not in agreement with the set-up of the joint committee, it is not because I want to be put on the committee myself. But I want to make one suggestion to the committee. It has been suggested that if a committee should be set up by parliament for the purpose of studying the merits or demerits of capital punishment, its members should visit a place of execution to see a convicted person put to death for the commission of his crime—the assumption being that the sight of the execution would influence the members to oppose capital punishment. I suggest that if the joint committee decides that it is good business to visit a hanging, its members should afterwards visit the scene of the crime, because it would be too bad if they did not see the son or daughter, or husband or wife of the person who had been brutally put to death. Don't let it be all one-sided. If the committee is going to witness the gruesome sight of the execution, let it be sure to go to the home that has been bereaved before ever it starts to pass judgment or make recommendations regarding the death penalty.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Gershaw, the debate was adjourned.

DIVORCE PETITIONS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 214 to 222, both inclusive, dealing with petitions for divorce.

Hon. Mr. Roebuck moved that the reports be concurred in.

The motion was agreed to, on division.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Roebuck, chairman of the Standinf Committee on Divorce, moved the second reading of the following bills:

Bill T-5, an Act for the relief of Dorothy Ann Stuart Story McKenna.

Bill U-5, an Act for the relief of Joyce Tulloch Foley.

Bill V-5, an Act for the relief of Ruth Annie Ricketts Perrett.

Bill W-5, an Act for the relief of Elizabeth Harriet Wyburd Ramseger.

Bill X-5, an Act for the relief of Warma Wilhelmiina Rantasalmi Wirtanen.

Bill Y-5, an Act for the relief of Ruth May Rowley Grundy.

Bill Z-5, an Act for the relief of Rodney David Themens.

Bill A-6, an Act for the relief of Patricia Mackell Wilson.

Bill B-6, an Act for the relief of Joseph Aurele Denault.

Bill C-6, an Act for the relief of Arthur Ryan.

Bill D-6, an Act for the relief of Many, Clenman Bernard, otherwise known as May Clenman Bernard.

Bill E-6, an Act for the relief of Lloyd Demont Noseworthy.

Bill F-6, an Act for the relief of Douglas Charles Fortune.

Bill G-6, an Act for the relief of Kenneth George Wright.

Bill H-6, an Act for the relief of Sonia Rofman Bailis.

Bill I-6, an Act for the relief of Bessie Livshitz Rudy.

Bill J-6, an Act for the relief of Monika Emilija Kasputyte Janauskas.

Bill K-6, an Act for the relief of Suzanna Marie-Therese Gens La France.

Bill L-6, an Act for the relief of Noella Cooker Prince.

Bill M-6, an Act for the relief of Rupert Evans Joyce.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until Tuesday, February 2, at 8 p.m.

THE SENATE

Tuesday, February 2, 1954

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports numbers 223 to 246, both inclusive, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to on division.

REVISED STATUTES OF CANADA

INQUIRY

Hon. Mr. Roebuck: Honourable senators, might I ask the government for a report on the conditions so far as the new Revised Statutes of Canada are concerned? Are they now in effect? Are they ready for distribution? I presume the leader (Hon. Mr. Macdonald) is not in a position to answer this inquiry immediately.

Hon. Mr. Macdonald: I shall be glad to make inquiries and shall inform the senate as soon as I have the information. The statutes have been printed.

Hon. Mr. Aseltine: They have been distributed, too.

Hon. Mr. Macdonald: As my honourable friend says, there has been some distribution. Whether all the acts are in effect I could not say off-hand, but I shall secure the information for honourable senators.

Hon. Mr. Roebuck: They have not been distributed to senators yet.

Hon. Mr. Aseltine: I received mine.

Hon. Mr. Haig: I have been looking for mine too.

Hon. Mr. Macdonald: I have mine. The honourable gentlemen can look into my set.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill D-8, an Act for the relief of Shirley Goodlin Myrovitch.

Bill E-8, an Act for the relief of Germaine Lafond Joyal.

Bill F-8, an Act for the relief of Kenneth Charles Overbury.

Bill F-8, an Act for the relief of Hazel Emily Louise Hunter Naud.

Bill H-8, an Act for the relief of Pearl Agnes Harding Potvin.

Bill I-8, an Act for the relief of Samuel Goldberg.

Bill J-8, an Act for the relief of Nancy Elizabeth Sise.

Bill K-8, an Act for the relief of Audrey Madeline Crothers Walklate.

Bill L-8, an Act for the relief of Joyce Gowrie Kimber Kendler.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

THE LATE SENATOR HUSHION

TRIBUTES TO HIS MEMORY

Hon. W. Ross Macdonald: Honourable senators, before we proceed with the Orders of the Day may I make a few remarks in respect to the late Senator Hushion. Since we last met, as honourable senators have learned, the Honourable Senator William James Hushion of Montreal passed away, on Friday of last week. With his passing went one of the most colourful political figures in the history of his native city. Senator Hushion was born in Montreal on November 6, 1883, a son of Daniel Hushion and Margaret Phelan, and received his early education at St. Patrick's and St. Ann's schools.

His political career began at an early age, for he became an alderman of Montreal in 1913, and he held a seat on the council of that city until 1927. But Senator Hushion's political activity was not confined to the municipal arena. In 1923 he was elected a member of the Quebec legislature, and a year later won the federal riding of St. Antoine, which he held until 1930. In the general elections of that year, however, he was defeated, but in 1935 was re-elected by that riding to the House of Commons; and in 1940 he was summoned to the Senate.

Our late colleague was an outstanding figure in his community, in its business as well as its political life. He was President of the Montreal Transfer Terminal Limited, a director of Hushion and Hushion Limited, President of Seven Industries Limited, a director

of Canada Catering Company Limited and of many other companies. Throughout his career he maintained a keen interest in welfare and social endeavour in his city, and was a director of both St. Mary's and Notre Dame hospitals.

Senator Hushion will be missed not only in this chamber, but also by his friends and associates in the city of Montreal. I am sure that honourable senators would wish to join with me in extending to his widow and children our deepest sympathy in the great loss which they have sustained.

Hon. John T. Haig: Honourable senators, there is very little I can add to what has been said by the honourable leader of the government (Hon. Mr. Macdonald) on the passing of our esteemed colleague Senator Hushion. I should like to join the leader in the tribute he has paid to the late senator.

Although I have been a member of this house throughout the time Senator Hushion was with us, I perhaps was not as well acquainted with him as I should have been. But I knew of his record in Montreal, where he was prominent not only in municipal and provincial matters, but in dominion affairs. He was a quiet, unobtrusive member of this house, but was always on hand when the votes were counted, and he took his stand on all matters as he saw fit.

I join with the leader of the government in expressing to his family the sincere sympathy of all members of this house.

Hon. Charles B. Howard: Honourable senators, I should like to join with the leader of the government (Hon. Mr. Macdonald) and the leader of the opposition (Hon. Mr. Haig) in an expression of respect to the memory of our departed colleague.

Senator Hushion, better known to those of us who come from Quebec as "Billy", was an outstanding figure in that province, representing as he did an important class of its citizens. He was a quiet, unassuming gentleman, with strong convictions of his own but holding great respect for the opinions of other people. Above all else he was a great family man, with strong home ties. He had a loving and friendly disposition, and I never heard anyone speak disrespectfully of him.

He married young, and had three children, two boys and a girl. As has been mentioned, early in life he began to serve his fellow men. He was first elected to the city council of Montreal at twenty-nine years of age, and served for fourteen years as a member of the council of that great metropolis. He was then elected to the legislature of Quebec, but resigned after only a year to stand for parliament, and was elected. Although defeated in 1930, he was re-elected in 1935. He became a member of the Senate in February, 1940, exactly six days after my own appointment to this honourable house.

He was a director of two of Montreal's hospitals, and was known throughout his constituency and the city at large for his charitable gifts and activities.

I knew Billy as a colleague through the years that he sat in the House of Commons; I was associated with him in political fights in his own constituency and in other ridings in the city of Montreal; and I am here to pay my respects to a splendid, kindly, home-loving gentleman. I join with those who have spoken in extending sympathy to his devoted wife; to his daughter, Mrs. Farrell; and to his two sons, Donald and Jack.

Hon. J. Gray Turgeon: Honourable senators, as a member from far-away British Columbia, and one who had the pleasure of knowing the late Bill Hushion for many years, I wish to add a word to what has been said about him. At his funeral in Montreal today I noticed that, though references were made to his political record and his business career, what seemed to have most deeply impressed the average person who knew him was that his life exemplified the essence of Christian charity. I am sure that there are many people in the parts of Montreal where he lived or which he represented on various public bodies whose lives have been bettered and whose concepts of life itself have been raised through the principles of Christian charity practised by the late Bill Hushion.

Hon. Mr. Macdonald: Honourable senators, as a further mark of respect to our late colleague I would move, as soon as the items on the Order Paper have been called, that this house do adjourn.

ADJOURNMENT

On the Orders of the Day:

Hon. Mr. Macdonald: Honourable senators, I move that this house do now adjourn.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 3, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

PRIVATE BILL

COMMERCE MUTUAL FIRE INSURANCE COMPANY—REPORT OF COMMITTEE

Hon. Mr. Campbell presented the report of the Standing Committee on Banking and Commerce on Bill S-5.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce to whom was referred the Bill (S-5), intituled: "An Act respecting Commerce Mutual Fire Insurance Company", have in obedience to the order of reference of January 27, 1954, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Campbell (for Hon. Mr. Howard): With leave of the Senate, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

REVISED STATUTES OF CANADA

ANSWER TO INQUIRY

On the Orders of the Day:

Hon. W. Ross Macdonald: Honourable senators, before the Orders of the Day are proceeded with, may I refer to a question asked of me yesterday by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) with respect to the distribution of the Revised Statutes of Canada, 1952.

I find that the statutes have been printed and that each member of the Senate is entitled to a set of them. I am informed that some honourable senators have received their sets, but others have not. Any honourable senator who has not received his set may obtain it by writing to Mr. C. A. St. Arnaud, Supervisor of Government Publications, Department of Public Printing and Stationery, Ottawa.

TOURIST TRAFFIC COMMITTEE

ADDITION TO MEMBERSHIP

Hon. Mr. Beaubien: Honourable senators, with leave of the Senate, I beg to move that the names of the honourable senators McIntyre and Tremblay be added to the list of senators serving on the Standing Committee on Tourist Traffic.

The motion was agreed to.

CRIMINAL CODE

NEWSPAPER ARTICLE—QUESTION OF PRIVILEGE

Hon. Thomas Reid: Honourable senators, before the Orders of the Day are called I should like to rise on a question of privilege on a matter affecting myself.

The Montreal *Gazette*, in its issue of February 1, carried an article under the caption "Execution", which purportedly dealt with some remarks I made in the Senate chamber on January 28. The article reads as follows:

The government hasn't, as yet, indicated its view with respect to the NATO tour proposal. Meanwhile, the Senate was pondering a proposed tour of another sort. The upper house, at the time, was naming eight senators to a joint Senate-Commons committee which will report on whether the Criminal Code should be amended with respect to capital punishment, corporal punishment and lotteries. Senator Tom Reid (L—British Columbia) rose to make a suggestion. The joint committee's deliberations respecting capital punishment would be greatly aided, he believed, if "its members should visit a place of execution to see a convicted person put to death for the commission of his crime." His proposal drew some vocal support. But it's unlikely that the trip will be made.

Honourable senators, I made no such proposal at all. I did, however, draw attention of the house to a suggestion that had been made, namely, that the members of the joint committee, if it is set up, should witness an actual hanging, on the assumption that they would thus be influenced to oppose capital punishment. Then my suggestion was this: that if the members did decide to witness a hanging, they should afterwards visit the scene of the crime or the home of the victim and see the close relatives of the person who had been brutally put to death. My point was that in that way the committee would have before it the whole picture, and not just a picture of one side only —the sentimental side.

May I ask that this mistake be corrected?

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill T-5, an Act for the relief of Dorothy Ann Stuart Story McKenna.

Bill U-5, an Act for the relief of Joyce Tulloch Foley.

Bill V-5, an Act for the relief of Ruth Annie Ricketts Perrett.

Bill W-5, an Act for the relief of Elizabeth Harriet Wyburd Ramseger.

Bill X-5, an Act for the relief of Warma Wilhelmiina Rantasalmi Wirtanen.

Bill Y-5, an Act for the relief of Ruth May Rowley Grundy.

Bill Z-5, an Act for the relief of Rodney David Themens.

Bill A-6, an Act for the relief of Patricia Mackell Wilson.

Bill B-6, an Act for the relief of Joseph Aurele Denault.

Bill C-6, an Act for the relief of Arthur Ryan.

Bill D-6, an Act for the relief of Mary Clenman Bernard, otherwise known as May Clenman Bernard.

Bill E-6, an Act for the relief of Lloyd Demont Noseworthy.

Bill F-6, an Act for the relief of Douglas Charles Fortune.

Bill G-6, an Act for the relief of Kenneth George Wright.

Bill H-6, an Act for the relief of Sonia Rofman Bailis.

Bill I-6, an Act for the relief of Bessie Livshitz Rudy.

Bill J-6, an Act for the relief of Monika Emilija Kasputyte Janauskas.

Bill K-6, an Act for the relief of Suzanna Marie-Therese Gens La France.

Bill L-6, an Act for the relief of Noella Cooker Prince.

Bill M-6, an Act for the relief of Rupert Evans Joyce.

The motion was agreed to, and the bills were read the third time, and passed, on division.

UNITED KINGDOM FINANCIAL AGREEMENT BILL

THIRD READING

Hon. W. Ross Macdonald moved the third reading of Bill 78, an Act to approve the financial agreement between Canada and the United Kingdom, signed on the thirteenth day of August, 1953.

He said: Honourable senators, I have nothing to add to what I said on the second reading. I think the bill has met with the general approval of the members of this house.

Hon. John J. Kinley: Honourable senators, I do not rise to oppose the bill, but as I was not in this chamber when it received second reading, I want to use this occasion to make some observations.

In one respect this bill is rather different from those which are usually presented to us, in that by it approval is asked for something which has already been done. The subject-matter is an agreement between Canada and the United Kingdom for the immediate reduction of a loan made to the Government of the United Kingdom, and the repayment of the balance by instalments, all of which, it is provided, shall be interest-free.

It is customary, and indeed necessary, in matters of this kind that governments should act before the consent of parliament, because it is for governments to make policies and to see to it that in so doing they are supported by their party in parliament. This bill has already passed the Commons, and the thought occurred to me that, upon being referred to this chamber, it comes into a totally different atmosphere. We, of course, judge bills on their merits, but we are also able to consider them with more freedom than the majority in the other place can, because, should a government bill be defeated in the Commons, the government is in peril, whereas if such a bill is rejected in this chamber the future of the government is not thereby affected. This fact makes for a certain continuity which is not evident in the other place, and perhaps in this way the Senate renders a stabilizing service which is not generally recognized by the public. This legislation does not create something new, its purpose being as I have said, to obtain confirmation by parliament of an agreement that has already been made. For this reason the legislation before us is perhaps not as subject to the scrutiny of parliament as new legislation would be.

It is not my purpose to criticize this bill, but rather to urge the Senate to give—if I may use some words that are on our parchment summonses—its "advice and assistance" in such a "weighty and arduous" matter of government. Incidentally, I think the Senate should use this approach more often when dealing with bills that come before it.

Honourable senators, it seems to me that a transaction of this kind could be used to actively improve affairs in both Canada and the United Kingdom. The loan covered by this agreement represents a small portion of the loans Canada has made to the Mother Country, and we learned in committee that Canada has also made heavy loans to other European countries in order to help them sustain their economies. It is apparent that

the United Kingdom needs dollars. In the past it was emphasized that the need was for American dollars, but the Canadian dollar is now the most valuable in the world, being readily convertible into American dollars at a premium of about 3 per cent. Therefore, countries needing dollars would be well advised to try to secure Canadian dollars. On the other hand, Canada needs to expand its trade. As a lightly populated country, Canada must export a large percentage of goods in order to provide full employment and help to ensure a stable economy.

I believe that an expanding trade program is vital to Canada at the present time, for we are faced with a rather new condition. The current high value of our dollar does not tend to accelerate our export trade, but rather creates an obstacle similar to a tariff barrier. This is even true of our exports to the United States of America. I can recall that when the Canadian dollar was at a 10 per cent discount with the American dollar, Canadian exporters of natural products such as fish and lumber found this exchange differential to be valuable. As a matter of fact, they could derive almost a sufficient profit from the exchange alone. However, as the Canadian dollar is now at a premium it will become increasingly difficult for countries using sterling currency to buy our exports.

My impression is that if in some way we could use our capital to improve conditions for trading with such countries, it would be to the advantage of the country. I have in mind particularly present conditions in the West Indies trade with Canada. The Maritime provinces are, and always have been, very much interested in trade with the West Indies. Newfoundland also is interested. For some years now we have been restricted in trade with the West Indies because of customs regulations and prohibitions, which in past years, especially in the last decade, have seriously affected the economy of the Maritime provinces. Our trade with those islands was built up through many years and has been considered a heritage of the Maritimes. The West Indies have provided a good market for our lumber, fish and farm products, and this has tended to stimulate the activity of our merchant marine. But suddenly, because of world conditions, particularly conditions in Great Britain, this trade stopped, and there is now operating only what is called a token import plan.

The West Indies, being tropical, have many things we need. And Canada, being in the temperate zone, is able to furnish the West Indies with many things they need; but we have usually bought from them more than they bought from us. The United States has within its borders temperate, tropical and semi-tropical areas, and thus can produce most of its own needs. In addition, it has acquired tropical countries like Porto Rico and the Virgin Islands; and it also has a close tariff arrangement with Cuba, one of the most fertile countries in the world. Hawaii, a part of the United States, is also tropical. These countries constitute for the United States a very valuable trading area, and we in Canada need to develop similar facilities for trade. With regard to the bill before us, my idea is that we should spend this capital money with Britain to release trade restrictions with the British West Indies—that we should forget the debt, if necessary, by investing it in trade. What our people need is the activity that comes with trade, and we should try to keep them employed by trading in a natural market. The West Indies are encircled by dollar countries which, I think, could help to improve standards of living by better trade and closer relations. Just as a new office building or a factory is no good unless you use it, so this capital money that we put out on loan without interest is not profitable unless it is put into circulation for our benefit. The purpose in building a factory is to create business and give employment; and the function of money is to cause activity and give work to our people, and thereby help to build up a healthy economy. Canada is in a position to supply this capital need. Our money is extremely valuable, and if it is used to supply this capital need, activity in trade will be stimulated, work will be created and profits will be made. That is certainly what we should strive for.

So, if we made a capital investment by cancelling loans, or even by the issue of new money, I think it would be advantageous to Canada and also help out Britain's need for dollars. If this were done for the purpose of creating trade with the West Indies, I would commend it. It would be advantageous not only to Nova Scotia and the other Maritime provinces and Newfoundland, but to the whole of Canada, for the West Indies use a lot of flour and other products that come from various parts of Canada. I think we can all agree that here is trade that is eminently desirable in the interests of the whole of Canada. This, in part, was what happened when Newfoundland came into Confederation; we took on obligations, we made a capital investment, and we obtained a lot of new citizens, together with their trade. Everybody thinks it was a splendid

investment, to the benefit of both Newfoundland and the rest of Canada. There are always two sides to a bargain, and I think this one was beneficial to both sides.

My suggestion is that Canada should have economic free trade with the West Indies—the British West Indies especially. We are trying to do all we can to encourage trade with the Mother Country. I have in mind the British preference, apart altogether from the many millions of dollars that we have on loan to our friends over there. By means of the British preference we invite trade with Canada. The provisions of the Empire agreement are very generous on Canada's part. For instance, British passenger automobiles are admitted to Canada free, whereas cars coming in under the most favoured nations tariff pay 17½ per cent. Rubber boots and shoes come in free from Britain, but the most favoured nations duty is 22½ per cent. Typewriters, from Britain, free; from most favoured nations, 22 per cent. Industrial diesel engines, from Britain, free; from most favoured nations, 20 per cent. All through our tariff the preference prevails; the tariff structure has been designed to encourage British trade.

On the other side, wheat is a Canadian export to the British Isles, and is admitted free from every country. We have to enter a free market in competition with the world. But we do get a break on cheese, through the fact that the United Kingdom imposes a fifteen per cent *ad valorem* duty on cheese imported from the most favoured nations, whereas cheese from Canada enters duty free. Indian corn from the most favoured nations enters Britain duty free. On Canadian motor cars Britain imposes a 22·2 per cent duty, and on motor cars imported from the most favoured nations the duty is 33·3 per cent. These are the larger items of our exports and some of our imports, and I just mention them to show you that our trade agreement under the British preference is one in which we do everything possible to encourage trade with the Mother Country.

Then, of course, we are always faced with the suggestion that we have a favourable balance of trade in our dealings with Britain. That has been true for many years; but, mark you, there are very few countries with which Britain has a balance of trade in her favour. Britain's unfavourable trade balance with Canada is getting smaller, though, and if consideration be given to unrecorded items of trade such as insurance, water transportation, tourists travel, and the expense of maintaining Canada's air and other military forces in Britain, it will be found that the gap is really becoming narrower. I think Britain will agree that her trade with Canada is especially valuable.

Nations buy what they need, and need is the test. In a free economy trade is made up of individual efforts on the part of many people; it is the accumulated effort of many. Of course, there is an incentive for intelligent people to trade with one another. Thus trade that is not controlled depends a great deal on initiative and the salesmanship of those who are interested in it. From what I read in the report of the Commonwealth Economic Committee on Commonwealth Trade, Britain's trade with her colonial territories is not too good. It is reported that the colonial territories have an unfavourable balance of trade with Britain, although it might be that in their trading with other countries they do make that up, as I believe most of the exchange must go to Britain.

I was referred to in the house the other day as a "free trader from the Maritimes". Well, I will admit I am in favour of the freest kind of trade that is beneficial to our country, and I am for Canada first. Trade is always a two-way street. There must be agreement both ways, and I hope in this case we can prevail upon the Department of Trade and Commerce to induce Britain to open up the West Indies trade to Canada for a capital consideration.

We are doing strange things these days to promote trade and good will and to raise the standard of living in other countries. We have all heard of the Colombo plan, under which certain nations are spending money for the purpose of raising the standard of living in South and South-East Asia. In this connection, Canada is especially interested in Ceylon. Reading from that part of the 1953 progress report by the consultative committee on the Colombo plan dealing with external assistance, I find this:

> The development of fisheries has been undertaken with capital aid from Canada. Canada is also assisting rural electrification in the Gal Oya development area by providing Ceylon with the necessary transmission lines, substations and other equipment.

Then the report goes on to say:

> For 1953-54 Canada has agreed to build and equip a polytechnic school for training the lower and middle grade technical skills, to finance rural road construction, to provide 15 agricultural maintenance workshops, two diesel locomotives, 25 portable pumping sets with sprinkler equipment and a well-boring machine to provide equipment for pest control work and to assist further in the development of the fisheries project.

I have nothing to say against the Colombo plan; indeed, it has its merits, particularly by reason of the fact that the money we

contribute will be spent in Canada; that is to say, equipment to be sent by Canada to Ceylon and other countries will be made in Canada and thereby provide work for Canadian labour. One can readily see the extent to which the government is going in order to create employment and promote a buoyant economy. However, I would point out that the West Indies are nearer home than the Colombo plan countries. And in this respect I am reminded of the old adage to the effect that the nearer home you spend your money the better is your chance of getting some of it back.

Honourable senators, it seems to me that we on the North American continent also have a duty to provide for our people a good standard of living. At the same time, we could quite easily make some capital investments in the West Indies which would raise the standard of living and promote industrial progress in that area. In such places as the Windward and Leeward Islands one can still see black men sculling transport with long sweeping oars, just as their forefathers did centuries ago. New equipment and labour-saving devices would do much to increase their efficiency and better their chances of entering the markets of the world. These opportunities are at our gates, and if we really want to help the cause of humanity we can do much on this side of the Atlantic.

Honourable senators have no doubt read or heard about the Report of the Randall Commission to the President of the United States, recommending a 15 per cent tariff cut to aid world trade. There will of course be some opposition to that recommendation, but it is at least indicative of the trend of affairs and the thinking of people. The recommendaions of a commission appointed by the President of that great country surely will have some effect as far as world trade is concerned. I am quite sure the United States recognizes that the fact that its money is worth so much more than the currency of some other countries is a barrier to trade, and that something must be done to bring about a balance. It must be remembered too that the United States is the biggest exporting country in the world today; it has the largest merchant marine and because of its technical advancement it is able to outrun any other country in foreign trade. But its success as a trading nation is surely not based on a question of price. It is, however, notable that in spite of its high standard of living, the United States can produce cheaply enough to get into the markets of the world.

The Randall Report further recommended to President Eisenhower that there be an easing of income taxation on the income of Americans from investments abroad. This recommendation has already been passed on by the President to the Congress. If the people of the United States are going to make foreign investments they will place their money, firstly, where they think it is safe, and secondly, where they think it will give a good return. While our money is today at a premium of 3 per cent in terms of the U.S. dollar, the time may come when we are so well supplied with money from outside the country that our exchange rate will go higher, and our problem then will be to find an outlet for our abundance.

Everyone now seems to be talking about monetary conditions and trade matters, and each is offering his remedy of the problems. While this bill was under discussion I thought it worth while to make some definite proposals to the Senate in an effort to provide an outlet for capital investment and at the same time improve relationships with the British West Indies, a natural market for the products of Canada.

Hon. Calvert C. Pratt: Honourable senators, I have been unavoidably absent from the chamber recently and have not had an opportunity of reading the introductory speech to this bill nor the debate in the other house. I am prompted nevertheless to say a few words as a result of some references to Newfoundland and the three maritime provinces just now made by my honourable friend the senator from Queen's-Lunenburg (Hon. Mr. Kinley).

This bill deals with sterling settlement with Great Britain. The trade problems of the province of Newfoundland are particularly interwoven with sterling-dollar difficulties. In some respects the trade problems of Newfoundland are common to those of the other eastern provinces, but in other respects they are quite different. Some time ago, while speaking on another subject, I referred to the particular problems of trade which Newfoundland faced, and which might be eased somewhat by negotiations that could take place under such a measure as the one now before us.

I may say, honourable senators, that I am not at all critical of the bill; but while I am not critical of the financial arrangements which are being made, I do think that these arrangements might have provided an opportunity for the resumption, by negotiation, of certain conditions which prevailed before union with Canada and were most helpful to Newfoundland, but were discontinued shortly after union was consummated.

On an earlier occasion I spoke in this chamber of the peculiar circumstances which surround Newfoundland's fishery exports

during the latter days of responsible government and the beginning of the commission government, up to the time of union. During that period, which was one of great unsettlement of world trade, we had access to such European markets as Portugal, Spain, Italy and Greece, operating under the provisions of the British Trade Agreements and the currency clearing agreements with those customer countries. The sterling which those countries earned by trading with Great Britain and the sterling area was made available for payment for Newfoundland exports.

It may be of interest to honourable senators to be reminded that before the war—somewhere around 1935 to 1937—the foreign currency problems of some of the Mediterranean countries became very acute. This necessitated some of them putting their foreign trade more or less on a reciprocal trade basis. The policy of Spain, and of Italy in particular, I recall, was to restrict their imports from various countries to the amount of their exports to those countries. The year previous to the imposition of these restrictions Canada had exported to Italy about 50,000 hundredweights and Newfoundland about 150,000 hundredweights of salted fish, these figures being about the normal measure of our respective exports. With the recession of foreign trade caused by the new regulations Canadian exports to Italy of salted fish immediately fell to 3,000 hundredweights the next year, and other commodities were reduced, no doubt, in about the same proportion; while Newfoundland, still under the wing of British trading agreements, maintained her salt fish exports at the previous volume. Our producers were not then under necessity of having our exports balanced with imports; the British position was ours; and our trade functioned normally.

I have always had the feeling that our negotiators should have been more emphatic in urging, under the terms of union with Canada, a better provision for the protection of Newfoundland's trade with those vital areas, for Great Britain was particularly concerned in the consummation of union. I was hoping and expecting, as many other Newfoundlanders were, that in the later negotiations with Britain concerning the settlement of war debts, and the talks as to the general sterling position which are constantly going on, whereby each side gains something and yields something, the position of Newfoundland, because of its past relationship, would have special consideration. I think that, in connection with a measure of the kind provided in the bill before us, this point should be brought to the fore. I do not know whether it is now too late to take some action, but I do feel that Newfoundland has suffered a "let-down" in this particular respect. True, the island had been helped in its Mediterranean trade to some degree, but with an uncertainty and irregularity which is fatal to the orderly maintenance of trade and stability which is so urgent.

I do not wish to create the impression that our attitude is one of continual "grouse" and complaint. We have been helped in connection with dollar receipts from Italy. We have also had some assistance in facilitating the clearance of dollars with Spain, but it has been very, very small, and in no way comparable to what was available to us when that trade was tied in with Great Britain to the sterling area. The main trouble today regarding Newfoundland's export of fish lies in the falling-off of trade with countries which, because of facilities previously provided by Great Britain, whereby we could be paid in sterling, are now denied us. I do feel that it would not be unreasonable to require that the officials of the federal government, in negotiating such agreements as this, should see to it that some special provision is made for this trade. No other Canadian trade has a parallel case in actual practice over many years. I do hope that there will be still an opportunity for this question to be brought to the attention of the United Kingdom authorities, and I believe, if it were properly presented and urged and bargained for, they would be co-operative.

Hon. John T. Haig: Honourable members, I do not intend to delay the house, but it seems clear to me that the two honourable senators who have just spoken were out of order. I think the honourable senator from Queen's-Lunenburg (Hon. Mr. Kinley) knows better: the honourable senator from St. John's West (Hon. Mr. Pratt) may have less experience in matters of this kind. But a debate of this character should have been brought on by a resolution placed on the order paper, so that any honourable senator could be prepared to speak. I did not get up and object, although both speakers were absolutely out of order, because it might have been assumed that, as I have been a member of this chamber for a long time, I was taking advantage of my position; also, we have not so much to do that it makes much difference. But I suggest that in future the Leader of the Government (Hon. Mr. Macdonald) should see to it that honourable members who wish to debate any special matter should—if necessary after discussion with the Clerk of the Senate or the Law Clerk—place the subject on the Order Paper in the proper way.

As regards the bill before us, I was very sorry that the honourable senator from

Churchill (Hon. Mr. Crerar) could not be present when it was considered in the Banking and Commerce Committee, because on the second reading he asked that departmental officials should appear and inform the committee what debts are owing to Canada by various nations, and what are the conditions that relate thereto. This brings to my mind the thought that, while it is all very well to have, as the rules require, shorthand reports of divorce proceedings, it would also have been helpful to have had a record of the facts presented to this committee taken down in shorthand and printed and distributed to every member of the house. The information was well worth while.

The agreement before us is not a new one. It relates only to the balance of a loan made during the war period, when no interest on such advances was to be charged. And may I say to the leader of the house (Hon. Mr. Macdonald)—I forget whether he attended the committee meeting—

Hon. Mr. Macdonald: No.

Hon. Mr. Haig: —that the official who appeared before the committee impressed me as very efficient. He gave us most useful information.

Hon. Mr. Kinley: I rise to a point of order. I am pleased that the honourable Leader of the Opposition (Hon. Mr. Haig) considered my remarks important enough to warrant a separate resolution, but from my parliamentary experience I assert that one is perfectly in order in speaking as I did on the third reading of this bill. It is a money bill, and in that respect resembles the budget. One can deal with almost anything on a money bill; and as a matter of fact, everything I said related to the bill.

Hon. Mr. Haig: Next time I shall object, and ask for a ruling.

Hon. W. Rupert Davies: Honourable senators, I do not know whether I am in order, but I would like to ask one question. I am sorry I was not at the committee meeting; and according to the honourable Leader of the Opposition (Hon. Mr. Haig) the proceedings were not recorded in shorthand, so we have no report of them. I notice that this legislation has to do with a loan that was originally made in 1942. I should like to ask the Leader of the Government (Hon. Mr. Macdonald) a question, but as he was not at the meeting of the committee perhaps the Leader of the Opposition can furnish the information. What is the present position of the 1946 transaction whereby Canada loaned Great Britain $1¼ billion and the United States government loaned Great Britain $3¾ billion?

Hon. Mr. Haig: Great Britain is making her payments according to contract.

Hon. Mr. Macdonald: When this bill was read the second time in the Senate it was referred to the Standing Committee on Banking and Commerce so that honourable senators might be informed as to the present status of outstanding loans. I understand that an official by the name of Mr. Taylor—

Hon. Mr. Haig: That is right.

Hon. Mr. Macdonald: —provided the committee with valuable information. I agree with the honourable leader opposite that it is unfortunate a verbatim report was not made of the proceedings at that meeting. I suppose any of our committees can have their deliberations reported and transcribed, but the difficulty is to decide beforehand what information is likely to be valuable enough to be reported. In this case I have no doubt that Mr. Taylor could furnish honourable members with the information he gave to the committee.

Hon. T. A. Crerar: Honourable senators, my contribution to the discussion on the third reading of this bill will be very brief. Possibly I owe the house some kind of an apology, because it was I who suggested that this bill be referred to the Standing Committee on Banking and Commerce so that honourable senators could be provided with detailed information on these loans. Perhaps I may be reproached because I was not present at that meeting, but I have an explanation to make. The meeting of the committee was originally slated for Wednesday morning last, but was postponed until the following morning. At 11 o'clock on Thursday morning I had an engagement with a gentleman from overseas. There was no way of getting in touch with him to change the hour of our appointment, and it happened that my interview with him took up the full period the committee gave to the consideration of this bill.

Honourable senators, I agree with the observations of the Leader of the Opposition (Hon. Mr. Haig). This legislation will not grant additional money to the United Kingdom or to any other country. In moving the second reading of this bill the honourable leader on this side of the house (Hon. Mr. Macdonald) thoroughly explained the facts relating to the loan Canada made to Great Britain in 1942. Part of that loan was renewed at a later date. The loan was interest

free and was made at a time when Britain did not have dollars with which to buy the war supplies she required in North America. The loan was part of a scheme under which Canada repatriated, bought back from Britain, large amounts of dollar securities which were owned by British nationals. The British government told its people that they must surrender these securities to the government, and take in exchange British government stock or bonds. Britain then repatriated these securities to North America, selling them for cash with which to buy guns, wheat and anything else she required.

This agreement deals with the cleaning up of the original direct loan of $700 million, and I well recall the circumstances of that loan. During last year another agreement was negotiated between the United Kingdom and the Canadian governments, at which time approximately $188½ million was still owing. It was agreed that during the course of last year the United Kingdom would pay $38½ million, reducing the loan to $150 million. This amount is to be paid quarterly over the next five years and carries the interest-free feature which was a characteristic of both the original loan and the renewal of the loan made some time subsequent to the termination of the war.

Hon. Mr. Haig: Honourable senators, I think it would be well if the Leader of the Government (Hon. Mr. Macdonald) could obtain from Mr. Taylor the information he gave the committee. I am persuaded that all honourable members will find, as I did, that the loans Canada has made are in much better shape than we thought they were. Every member of this house ought to be supplied with the valuable information that was presented to the committee.

Hon. Mr. Macdonald: I shall try to find ways and means of supplying this information to honourable senators.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill N-6, an Act for the relief of Lois Helen Kutzman Caplan.

Bill O-6, an Act for the relief of Fernand Constant Daemen.

Bill P-6, an Act for the relief of Mary Kazymerchyk Senyck.

Bill Q-6, an Act for the relief of Rosalie Hetty Arbess Sofin.

Bill R-6, an Act for the relief of Lucille Lafortune Wilson.

Bill S-6, an Act for the relief of Wilfrid Cote.

Bill T-6, an Act for the relief of Janca Fani Pollak Schlesinger.

Bill U-6, an Act for the relief of Sadie Marie Ansingh Grosheintz.

Bill V-6, an Act for the relief of Douglas Morrison Meldrum.

Bill W-6, an Act for the relief of Alec Lenetsky.

Bill X-6, an Act for the relief of Dorothy Lilian Asbury Davies.

Bill Y-6, an Act for the relief of Nicholas Krauchuke.

Bill Z-6, an Act for the relief of Esther Kohn Rosner.

Bill A-7, an Act for the relief of Marguerite Jazzar Nassar.

Bill B-7, an Act for the relief of Leona Bobby Denberg Wiseman, otherwise known as Leona Bobby Denberg White.

Bill C-7, an Act for the relief of Marianne Roos Axelrad.

Bill D-7, an Act for the relief of Margaret Jaunzen Dishler.

Bill E-7, an Act for the relief of Pearl Witzling Socolow.

Bill F-7, an Act for the relief of Jennie Chun Readman.

Bill G-7, an Act for the relief of Gizella Szabo Herczeg.

Bill H-7, an Act for the relief of Lilija Hedviga Treimane Jursevskis.

Bill I-7, an Act for the relief of John Richard Maher.

Bill J-7, an Act for the relief of Elizabeth McDonald Jones Roy.

Bill K-7, an Act for the relief of Claire Viola Frechette Ainsworth.

Bill L-7, an Act for the relief of Margaret Reta Dodge Parsons.

Bill M-7, an Act for the relief of Estella Cluett Jensen.

Bill N-7, an Act for the relief of Angelina Natale Beaucaire.

Bill O-7, an Act for the relief of Dorothy Miller Osborough Davidson.

Bill P-7, an Act for the relief of Marie Rose Gisele Houde Dionne.

Bill Q-7, an Act for the relief of Olga Pscheidt Arsenault.

Bill R-7, an Act for the relief of Edward Robinson Harris.

Bill S-7, an Act for the relief of Cathrine Pieternelle Wytenbroek Knight.

Bill T-7, an Act for the relief of Anton Bliziffer.

Bill U-7, an Act for the relief of Theodore Rolfsmeyer von Berzeviczy.

Bill V-7, an Act for the relief of Agnes Broo Hammond Bailey.

Bill W-7, an Act for the relief of Emma Antoinette Rachel Lauzon McDuff.

Bill X-7, an Act for the relief of Idella Adeline Sharpe Cutler.

Bill Y-7, an Act for the relief of Walter Leonard Woodward.

Bill Z-7, an Act for the relief of Marion Shirley Barsky Burg.

Bill A-8, an Act for the relief of Florence Elene Thom Ward.

Bill B-8, an Act for the relief of William Jean Paul Powroz.

Bill C-8, an Act for the relief of Lewis Swailes.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

DIVORCE PETITIONS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 223 to 246, both inclusive, dealing with petitions for divorce.

Hon. Mr. Roebuck moved that the reports be concurred in.

The motion was agreed to, on division.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the followings bills:

Bill M-8, an Act for the relief of Gloria Alphonsine Timmins Ferguson.

Bill N-8, an Act for the relief of Adella Alice McNeil Slobosky.

Bill O-8, an Act for the relief of Vera Marguerite Hennigar Isenring.

Bill P-8, an Act for the relief of Sylvia Golbas Lann.

Bill Q-8, an Act for the relief of Lucy Jane Cole Judd.

Bill R-8, an Act for the relief of Walter Hardy Willows.

Bill S-8, an Act for the relief of Elizabeth Temple Jamieson Grier.

Bill T-8, an Act for the relief of Herbert William Bateman-Cooke.

Bill U-8, an Act for the relief of Rita Ann Rennie Knight.

Bill V-8, an Act for the relief of Mavis Josephine Green Jackson.

Hon. Mr. Roebuck: Honourable senators, these bills are based on reports which have just been concurred in.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill D-8, an Act for the relief of Shirley Goodlin Myrovitch.

Bill E-8, an Act for the relief of Germaine Lafond Joyal.

Bill F-8, an Act for the relief of Kenneth Charles Overbury.

Bill G-8, an Act for the relief of Hazel Emily Louise Hunter Naud.

Bill H-8, an Act for the relief of Pearl Agnes Harding Potvin.

Bill I-8, an Act for the relief of Samuel Goldberg.

Bill J-8, an Act for the relief of Nancy Elizabeth Sise.

Bill K-8, an Act for the relief of Audrey Madeline Crothers Walklate.

Bill L-8, an Act for the relief of Joyce Gowrie Kimber Kendler.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 4, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

THE PRIME MINISTER'S TOUR

EXPRESSION OF GOOD WISHES

Hon. W. Ross Macdonald: Honourable senators, as we gather together in session this afternoon, our Prime Minister is flying above our country on a tour of occidental and oriental nations, bringing to them a message of peace, good will and co-operation from Canada.

He is, I am sure, in the thoughts and prayers of each one of us as we ask kind Providence to guide our Prime Minister to a safe return after the accomplishment of an efficient and fruitful mission.

Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable members, it affords me a great deal of pleasure to join with the Leader of the Government (Hon. Mr. Macdonald) in an expression of good wishes to the Prime Minister of Canada on the world tour he has undertaken. He is the one man who can best represent Canada to the oriental world today. While countries of the western hemisphere, such as Britain, France and the European nations, know as well as we do what is happening in the United States, the oriental countries are not too sure what the policies and the program of that country are. Its policies, though grounded in good will, have been seriously misrepresented to the people of the Far East. Canada is in a more fortunate position. I am sure that the work of missionaries of our various churches in those parts of the world has caused their people to believe that Canada is just a little different from any other nation. At any rate we stand, I think all will agree, in a rather better position than other countries. I remember that during a United Nations conference in 1946 a young representative of Iran asked me after lunch one day to talk with him for a minute or two. As a matter of fact he did most of the talking and I did the listening. He said, "Do you Canadians trust the people of the United States as though they were your own people?" I said "Yes. We know their shortcomings and we know their 'longcomings'. But our intercourse with one another is that of friends with friends. We are not part of the United States; but, though not in their orbit, we live near them; and we regard each other as good neighbours and friends."

People in those remote parts of the world are beginning to understand Canada; and I think it is a very fine thing that our Prime Minister will visit them. In all the nineteen years that I have been a member of this chamber there has been no more appropriate time than the present for a representative of our government to go to these ancient eastern lands with the assurance that we of the western world have it in our hearts to do everything we can to raise their peoples to higher economic levels, and that we have no ulterior designs upon them. I do not know of anyone who can perform this service better than our present Prime Minister. Therefore I want to join with the leader of the government (Hon. Mr. Macdonald) in saying to the Prime Minister: "Godspeed, and a safe return."

Hon. Senators: Hear, hear.

(Translation):

Hon. Cyrille Vaillancourt: Honourable senators, as we open our metting, our Prime Minister is flying high above the countryside to bring to Western and Eastern nations, on behalf of Canada, a message of peace, good will and co-operation. I pray Divine Providence to guide our Prime Minister to a safe return after a fruitful and successful tour.

(Text):

O God, protect our Prime Minister, and assure him a safe return!

Hon. Senators: Hear, hear.

NORTHWEST TERRITORIES BILL

REPORT OF COMMITTEE

Hon. Cyrille Vaillancourt, Chairman of the Standing Committee on Natural Resources, presented the report of the committee on Bill 77.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Natural Resources to whom was referred the Bill 77, intituled: "An Act to amend the Acts respecting the Northwest Territories", have in obedience to the order of reference of January 27, 1954, examined the said bill and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

PRIVATE BILL

BRAZILIAN TELEPHONE COMPANY—
FIRST READING

Hon. Mr. Campbell presented Bill W-8, an Act respecting Brazilian Telephone Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Campbell: With leave, next sitting.

ADJOURNMENT

On the Orders of the Day:

Hon. Mr. Macdonald: Honourable senators, before the Orders of the Day are proceeded with I would move, with leave of the house, that when the Senate rises today it stand adjourned until Tuesday next at 8 o'clock in the evening.

The motion was agreed to.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill N-6, an Act for the relief of Lois Helen Kutzman Caplan.

Bill O-6, an Act for the relief of Fernand Constant Daemen.

Bill P-6, an Act for the relief of Mary Kazymerchyk Senyck.

Bill Q-6, an Act for the relief of Rosalie Hetty Arbess Sofin.

Bill R-6, an Act for the relief of Lucille Lafortune Wilson.

Bill S-6, an Act for the relief of Wilfrid Cote.

Bill T-6, an Act for the relief of Janca Fani Pollak Schlesinger.

Bill U-6, an Act for the relief of Sadie Marie Ansingh Grosheintz.

Bill V-6, an Act for the relief of Douglas Morrison Meldrum.

Bill W-6, an Act for the relief of Alec Lenetsky.

Bill X-6, an Act for the relief of Dorothy Lilian Asbury Davies.

Bill Y-6, an Act for the relief of Nicholas Krauchuke.

Bill Z-6, an Act for the relief of Esther Kohn Rosner.

Bill A-7, an Act for the relief of Marguerite Jazzar Nassar.

Bill B-7, an Act for the relief of Leona Bobby Denberg Wiseman, otherwise known as Leona Bobby Denberg White.

Bill C-7, an Act for the relief of Marianne Roos Axelrad.

Bill D-7, an Act for the relief of Margaret Jaunzen Dishler.

Bill E-7, an Act for the relief of Pearl Witzling Socolow.

Bill F-7, an Act for the relief of Jennie Chun Readman.

Bill G-7, an Act for the relief of Gizella Szabo Herczeg.

Bill H-7, an Act for the relief of Lilija Hedviga Treimane Jursevskis.

Bill I-7, an Act for the relief of John Richard Maher.

Bill J-7, an Act for the relief of Elizabeth McDonald Jones Roy.

Bill K-7, an Act for the relief of Claire Viola Frechette Ainsworth.

Bill L-7, an Act for the relief of Margaret Reta Dodge Parsons.

Bill M-7, an Act for the relief of Estella Cluett Jensen.

Bill N-7, an Act for the relief of Angelina Natale Beaucaire.

Bill O-7, an Act for the relief of Dorothy Miller Osborough Davidson.

Bill P-7, an Act for the relief of Marie Rose Gisele Houde Dionne.

Bill Q-7, an Act for the relief of Olga Pscheidt Arsenault.

Bill R-7, an Act for the relief of Edward Robinson Harris.

Bill S-7, an Act for the relief of Cathrine Pieternelle Wytenbroek Knight.

Bill T-7, an Act for the relief of Anton Bliziffer.

Bill U-7, an Act for the relief of Theodore Rolfsmeyer von Berzeviczy.

Bill V-7, an Act for the relief of Agnes Broo Hammond Bailey.

Bill W-7, an Act for the relief of Emma Antoinette Rachel Lauzon McDuff.

Bill X-7, an Act for the relief of Idella Adeline Sharpe Cutler.

Bill Y-7, an Act for the relief of Walter Leonard Woodward.

Bill Z-7, an Act for the relief of Marion Shirley Barsky Burg.

Bill A-8, an Act for the relief of Florence Elene Thom Ward.

Bill B-8, an Act for the relief of William Jean Paul Powroz.

Bill C-8, an Act for the relief of Lewis Swailes.

Bill D-8, an Act for the relief of Shirley Goodlin Myrovitch.

Bill E-8, an Act for the relief of Germaine Lafond Joyal.

Bill F-8, an Act for the relief of Kenneth Charles Overbury.

Bill G-8, an Act for the relief of Hazel Emily Louise Hunter Naud.

Bill H-8, an Act for the relief of Pearl Agnes Harding Potvin.

Bill I-8, an Act for the relief of Samuel Goldberg.

Bill J-8, an Act for the relief of Nancy Elizabeth Sise.

Bill K-8, an Act for the relief of Audrey Madeline Crothers Walklate.

Bill L-8, an Act for the relief of Joyce Gowrie Kimber Kendler.

The motion was agreed to, and the bills were read the third time, and passed, on division.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill M-8, an Act for the relief of Gloria Alphonsine Timmins Ferguson.

Bill N-8, an Act for the relief of Adella Alice McNeil Slobosky.

Bill O-8, an Act for the relief of Vera Marguerite Hennigar Isenring.

Bill P-8, an Act for the relief of Sylvia Golbas Lann.

Bill Q-8, an Act for the relief of Lucy Jane Cole Judd.

Bill R-8, an Act for the relief of Walter Hardy Willows.

Bill S-8, an Act for the relief of Elizabeth Temple Jamieson Grier.

Bill T-8, an Act for the relief of Herbert William Bateman-Cooke.

Bill U-8, an Act for the relief of Rita Ann Rennie Knight.

Bill V-8, an Act for the relief of Mavis Josephine Green Jackson.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

CRIMINAL CODE

JOINT COMMITTEE ON CERTAIN QUESTIONS OF CRIMINAL LAW—DEBATE CONTINUED

The Senate resumed from Thursday, January 28, the adjourned debate on the motion of Hon. Mr. Macdonald:

That the Senate do unite with the House of Commons in the appointment of a joint committee of both houses of parliament to inquire into and report upon the questions whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment or (c) lotteries, should be amended in any respect and, if so, in what manner and to what extent:

That the following senators be appointed on behalf of the Senate on the said joint committee, namely, the Honourable Senators Aseltine, Beauregard, Bouffard, Farris, Fergusson, Hayden, Roebuck and Veniot.

That the committee have power to appoint, from among its members, such subcommittees as may be deemed advisable or necessary.

That the committee have power to print such papers and evidence from day to day as may be ordered by the committee for the use of the committee and of parliament.

That the committee have power to send for persons, papers and records, and to report to the Senate from time to time.

That a message be sent to the House of Commons to inform that house accordingly.

Hon. F. W. Gershaw: Honourable senators, on Thursday last I adjourned the debate, but may I have permission to yield at this time to the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), and later to adjourn the debate?

Some Hon. Senators: Agreed.

Hon. Arthur W. Roebuck: Honourable senators, in the first place permit me to thank the honourable senator from Medicine Hat (Hon. Mr. Gershaw) who has just yielded his place to me, for he did so purely to accommodate my convenience. I also wish to thank the house for permitting it to be done.

Honourable senators will have observed from the wording of the resolution that the subject-matter for study by the proposed joint committee of both houses is divided into three parts: (a) capital punishment; (b) corporal punishment; and (c) lotteries. I thank the honourable Leader of the House (Hon. Mr. Macdonald) for nominating me to the committee, because a great deal in the resolution is worthy of consideration. In speaking to this resolution, may I suggest that members of the committee keep an open mind while information is being placed before the committee by departmental officers and others. I suggest that we do not commit ourselves too much in advance. With that thought in mind, I hope my fellow senators will not expect me to reach any definite conclusions at this time, because I feel that we should first discuss the questions as they come before us for consideration. There are, however, some observations which I think may be made with propriety at this time and which would not prejudice my position now any more than it is already prejudiced; and it might be well also to say something by way of defining the issues. I propose to deal with these three problems separately and, where possible, to seek such common ground as is available, if any is available at all, upon which we could all agree.

I say confidently that there is not a member in this chamber today who would turn back

the hands of the clock in the matter of punishment for capital offences. There was a time in English history when men, women and children were hanged, drawn and quartered for a long list of offences, most of which we today would consider trivial. In 1780 the penal law of England is said to have listed 240 capital offences, that is, offences for which people might be, and actually were, hanged. In the reign of Henry VIII there were 72,000 executions in England, some for treason, some for murder, but for the most part for mere offences against property which we would classify, I think, as misdemeanours. Not only were the number of offences and the multitude of offenders appalling in modern eyes, but the cruelty and brutality with which the law was administered in those days are painful to even read about, and the mere contemplation would be revolting to most of us.

Executions in those days were held in public and were viewed as a spectacle by large numbers of people, who seemed to derive sadistic enjoyment from the tragic sufferings of some poor wretches. The journey of the condemned in open carts from Fleet street prison to Gallows Hill was a London holiday in which large numbers of people found great fun and enjoyment. I think I can say with great positiveness that there is no one in this chamber or in this parliament, and there are few indeed in Canada, who would want the hands of the clock turned back in the direction of such conditions as I have mentioned, and I think we all rejoice that such brutality and barbarism has gone forever.

The reference in the Bill of Rights, in the reign of William and Mary, to cruel and unusual punishments which were forbidden, was much more than a pleasant sounding phrase. The reference was to such barbarities as boiling in oil, breaking on the wheel, the thumb screw and the iron boot, drawing and quartering and other refinements of cruelty that would shock, I think, the savages of a North American Indian village. Never in America have we had suppression of property offences carried out with the same brutality and excessiveness that were practised in Europe; although I have read of a few individual cases of hanging in Canada for sheep stealing; and I bear in mind that in Massachusetts twenty poor, terrified women were burned for witchcraft in one court in a single year. So we on this continent are not entirely without blame for inhumanities of this kind, though they are insignificant when compared with what happened in semi-medieval England.

Nevertheless, there have been in this country notable changes in the passing years, changes which I think most of us will regard as real progress. But it seems to me, honourable senators, that we can scarcely assume that the progress which has taken place during these past years is now complete.

The number of offences carrying capital punishment have been reduced in Canada to three, namely, treason, rape and murder. I recall no execution having taken place in Canada for the crime of treason since the rebellion of 1837. Riel was hanged, not for treason, but for the murder of Scott. And I have no memory of a case of execution for rape. Practically speaking, execution for treason is almost obsolete, as is the offence itself, and for rape, it is altogether abolished.

The fact that from a practical point of view there is in this country only one crime carrying the death penalty has come about as a result of public opinion made manifest through our courts, rather than through parliament. I repeat that in practice—although not in statutory law—capital offences in Canada have been reduced to one, that of murder. Gone are the days of the thumbscrew, the stake, the rack, the wheel, and the iron maiden; gone too are the noisome prisons of Dickens' day, with their filth, vermin and pestilence. Perhaps there is something still to be desired in prison accommodation of today, but the faults in this respect are trivial in comparison with those of the past. Gone are the days of public executions with their sadistic spectacles. Executions today take place in private, and it is evident that the public desire that officials who conduct them should be as humane as possible and that all reasonable steps be taken to suppress publication of the gruesome details.

Not only have capital offences in Canada been reduced to one, that of murder, but the death penalty is now reserved for only such types of murder as are premeditated, diabolical and shocking.

I pause here to say that I heartily welcome the appointment of a most humane gentleman, the government leader in this house (Hon. Mr. Macdonald), as Solicitor General, whose duty it is to administer the clemency of the crown.

So, honourable senators, in both law and in practice we have made great progress over the past two centuries. The question raised by the resolution before us is whether that progress should now be regarded as complete, or whether we can with advantage take a further step in the direction in which

we have been travelling these many years past—that is, the last remaining step with regard to the death penalty.

Hon. Mr. Marcotte: May I interrupt my honourable friend to ask him if he has not now come to the point where he is anticipating the report of the committee?

Hon. Mr. Roebuck: I do not think I am anticipating the report of the committee. I am merely defining the issues which the committee must consider.

Hon. Mr. Marcotte: I think the honourable gentleman has gone beyond that.

Hon. Mr. Roebuck: If I have, I am not exceeding my rights. I do not know how I could phrase the issues which the committee will have to consider, without expressing my views on them. The committee, if it is to study capital punishment, must take into consideration some of the thoughts which I have expressed. But regardless of what the committee recommends in that respect, it should at least bring statutory law into line with actual practice, which it is not at the present time.

In our code there are no gradations of murder as there are elsewhere. Here a conviction for murder is in all cases followed by a sentence of death. Juries may return a verdict of manslaughter in proper cases, and judges and juries may recommend mercy to the Governor General; but if the verdict is murder no distinction is made in the matter of sentence, which is death. But, as a matter of fact, there are many gradations of culpability in unjustified homicide. There is the first great division of murder and manslaughter. In manslaughter the courts have the widest discretion in the matter of penalty, but in murder they have none. In all cases of murder the burden of distinguishing various grades of culpability is thrown on the Remission Branch, headed by the Solicitor General (Hon. Mr. Macdonald).

There are, in fact, a number of classifications of the crime of murder. There is, first, premeditated, unjustified killing, which elsewhere is murder in the first degree. Second, there is homicide where there has been provocation, in the course of a fight, or in heat of passion. Third, there is homicide in the course of the commission of some other serious crime, in which case all persons participating in the serious crime are guilty, although only one fired the fatal shot and the others may have had no knowledge of the intention to kill and no intention to kill. In these circumstances there have been mass executions on this continent which have caused considerable public concern. In view of the obviously many gradations of culpability a question arises as to whether our courts should be given some responsibility in recognizing the differences and some discretion in the matter of penalty.

There remains, as my honourable friend from Ponteix (Hon. Mr. Marcotte) has perceived, this question of the necessity or desirability of retaining in whole or in part what is left of the death penalty in our law.

My friend from New Westminster (Hon. Mr. Reid), speaking recently in this debate, suggested that if the members of the committee saw fit to visit a condemned criminal in the death cell they should also visit the home of the victim, so that their sympathies might be properly divided. In other words, while the senator did not advocate the visiting of the condemned man, he suggested that the committee should not see one side of the picture without seeing the other side. There may be something in his suggestion, but let me assure honourable senators that I will do neither one nor the other. When considering a difficult and tragic subject such as this it is not necessary that one approach the question like a great block of ice; but neither should one be carried away by sympathy. Public questions should be approached from the heart as well as from the head, but the head should rule. I see no reason why members of the committee should not deal with this question as human beings possessed of normal, natural sympathy allied to good common sense. It is not necessary that we be ruled by preconceived notions and ancient prejudices, nor, on the other hand, that we yield to mere sentiment.

Hon. Mr. Reid: I wonder whether the honourable senator would allow a question. Does he think it possible that any member of this committee can begin to consider the three important matters before it without preconceptions of his own?

Hon. Mr. Roebuck: Certainly not. Each member of the committee will have behind him a whole lifetime of knowledge, experience and thought, which, of course, cannot be cast away. I said in my opening remarks that the present discussion, which I feel is appropriate, will not prejudice my position any more than it is already prejudiced. Of course no one could have had the long experience in matters of this kind which I have had, without coming to some conclusions with regard to these questions. I suppose that the honourable senator from Vancouver South (Hon. Mr. Farris) and I are the only members of this chamber who have had actual touch with executions, for each

of us, in the capacity of a provincial Attorney General, had the responsibility of carrying out the law of Canada in this respect.

I might say at this point that, partly perhaps by chance, but mainly by design, I have never defended a man charged with murder. I have always been able to dodge that responsibility, and I have done so largely because I am hardly fitted, from considerations of sympathy and the like, to participate personally in such a proceeding. I would not like to personally prosecute a person charged with murder, and I prefer to refrain from even defending one.

But, whatever may be the content of the committee's report, in anything we may suggest we cannot be pioneers. Capital punishment has been abolished in quite a large number of jurisdictions, including several European countries, and for a considerable number of years. In the parliamentary library there is a book entitled *Capital Punishment*, written by Julia E. Johnsen. It was published in 1939, so that it is not quite up to date; but it is a useful consolidation of information on both sides of this question. Quoting, on page 18, from an article by Alfred E. Lawes, warden of Sing Sing Prison, the author lists the following countries as having abolished capital punishment: Belgium, in 1863; Denmark, 1933; Holland, 1870; Lithuania, 1922; Norway, 1905; Portugal, 1867; Spain, 1932; Sweden, 1921; and Switzerland (15 cantons) 1874. This penalty has been abrogated, of course, only for murder, not for political offences.

As regards the states of the union to our south: Michigan abolished capital punishment in 1947; Rhode Island, in 1952; Wisconsin, in 1953; Kansas, in 1872; Maine, in 1887; Colorado, from 1872 to 1878 and again from 1897 to 1901; Minnesota, in 1911; Washington, from 1913 to 1919; Tennessee, from 1915 to 1917; Oregon, from 1918 to 1920; both North and South Dakota; Arizona, from 1916 to 1918; Missouri, from 1917 to 1919.

Hon. Mr. Beaubien: Have those states done away completely with capital punishment?

Hon. Mr. Roebuck: All of them abolished capital punishment.

Hon. Mr. Beaubien: They do not use gas chambers or other such devices?

Hon. Mr. Roebuck: Oh, no: there was complete abolition in the states I have listed. Quite a number of others adopted the gas chamber or the electric chair in place of our method of execution. The list I have read is not quite up to date, and so may not be entirely accurate. I have no doubt we shall receive the latest information from officers of the department; but what I have quoted shows a record of experimentation from which, one would think, the committee may be able to draw a very considerable degree of guidance.

Unfortunately, however, it seems impossible to determine, merely from the rise and fall of the murder rate, the effect of the abolition of the death penalty and the substitution of other penalties, or the reimposition of capital punishment. Where the rate was high it has remained high; where it was low it has remained low; in other words, it has been fairly constant throughout. Obviously, many factors are involved in the determination of the murder rate. From the fact that you cannot trace a consistent change one way or the other in this experimentation, it might be assumed that the death penalty, as opposed to some other form of punishment, such as life imprisonment, is not a superior deterrent.

In passing may I observe with some satisfaction that the murder rate in the United States is somewhere about five times as great as the murder rate in Canada. I feel that is a matter of real satisfaction.

Hon. Mr. Reid: Is that comparison made on a percentage or population basis?

Hon. Mr. Roebuck: It is by unit of population.

Hon. Mr. Macdonald: Does the comparison refer to persons found guilty of murder?

Hon. Mr. Roebuck: No. They are described in the statistics as killings. They may involve murder or manslaughter or something else, but they are looked upon as reprehensible, unjustified homicide. I suppose there are as many explanations as there are people in this room as to why the murder rate in the United States is somewhere about five times as great per unit of population as in Canada. I should like to list what I think are the major reasons for this difference.

First of all, I would mention the greater general respect which I find in Canada for law and morals; secondly, the greater veneration in this country for the sacredness of human life and, thirdly, the greater likelihood in Canada of apprehension and conviction. It is an open question in my mind whether the penalty itself has much to do with the difference in the murder rate.

Hon. Mr. McIntyre: Are those statistics compiled on a *per capita* basis?

Hon. Mr. Roebuck: Yes.

In my judgment, which I submit to this house, the real control of the murder rate in

any community is the moral sense of all the people. By this I mean the universality and the sincerity with which men and women respect the lives of fellow humans, and the intensity with which they condemn the intentional taking of human life. I take it that this is why the murder rate rises after each great bloody war. During wartime people lose respect for the lives of their opponents and actually devote their efforts to the full extent of their ability to increasing the death rate in the ranks of their enemies. There was an orgy of killing following the American Civil War, a vicious conflict in which there was much hand-to-hand bloody fighting. In my judgment the greatest potential weapon against the murder rate is the cultivation of a universal recognition of the sacredness of human life.

Honourable senators, if I may be permitted to reminisce I may say that the first murder trial I recall was that of Burchall for the slaying of Benwell, away back in the early 1890's. All those in the house who are old enough will remember the mental picture of that arch criminal Burchall as he sat in the dock, nonchalantly sketching the judge and the jury while famous counsel battled for his life, and how the proceedings of the trial crowded the columns of the newspapers and filled the minds of Canadians at that time. My submission is that it was the morbid tragedy of the whole proceedings, including the death penalty and the background, which produced the unhealthy mental atmosphere in Canada during that period.

The first murder trial I ever attended, as a reporter, was just after the turn of the century, more than fifty years ago. It was the trial of three brutal murderers, Rice, Rutledge and Jones. Two of these men cheated the gallows, but the third was tried, condemned and executed, in a perfect welter of newspaper publicity. All eyes were upon the accused because of the general background and the black shadow of the gallows, and there seemed to be woven around that cruel brute a certain aura of tragedy which filled people's minds in a way that was highly objectionable. I was young at that time, but I remember speculating even then about the mystery of death, and wondering whether the execution of the central figure had done more damage in degradation to the community than it had done good. I am still speculating in the same way. That aura of tragedy is an element we cannot possibly disregard in matters of this kind.

Honourable senators, the question in my mind as we approach the subject for study is whether the death penalty is a sufficient deterrent to murder—I mean above any other type of punishment—to justify the renown which it lends to criminals and to these capital trials, and the degrading effect of state executions upon the communities where they are carried out. That is the problem. The committee must study the death penalty as to whether it is a sufficient deterrent to warrant its retention despite the other objectionable features, or whether it would be possible and advisable at this time to follow the trend of the last few hundred years.

Hon. Mr. Aseltine: Honourable senators, as one who has been named to serve on the joint committee which is to study the questions under discussion, I do not think I should remain in the chamber and listen to this address. It seems to me that the remarks of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) are entirely improper and out of order and may have some influence on me when I come to study this matter in committee.

Hon. Mr. Roebuck: The honourable senator from Ponteix (Hon. Mr. Marcotte), who is leaving the chamber, has just intimated to me that he thinks I am going too far; and the honourable senator from Rosetown (Hon. Mr. Aseltine) talks about withdrawing. Of course, I cannot stop him from withdrawing.

Hon. Mr. Aseltine: I do not think your views will influence me, but there is a possibility.

Hon. Mr. Roebuck: I think I am entirely in order; and although I certainly respect the opinions of both honourable gentlemen I see no reason for discontinuing my address unless I receive a ruling to that effect from His Honour the Speaker, which I think is most unlikely.

Hon. Mr. Reid: As a member of the committee, you have gone pretty far.

Hon. Mr. Roebuck: That is all right. I have a right to go as far as I like. With all respect, I see no reason for discontinuing my remarks, and I shall continue. I intended to say, and I think I should say, that there is something very interesting indeed, and something peculiar, about the attitude of human beings towards their own deaths. We all fear death, and we all know that it is approaching, yet we fortify our minds against it by the very simple expedient of not thinking about it. I suppose everyone in this chamber has at one time or another skated on thin ice just for the fun of the adventure, although he knew that black death flowed beneath the crystal surface. There is not one member here who would not travel by aeroplane, although he knows that, in some percentage of cases, however small, there is a possibility

of a crash and fatal disaster. We are all used to living dangerously, and we close our minds to the possibility of personal fatality. But if there were the remotest possibility of life imprisonment resulting from such a crash, no member of this house could possibly be induced to incur the risks of air travel.

With all deference to those who disagree with me, I submit that these fundamentals of the human mind should be borne in mind when we are studying the question of the death penalty.

As to corporal punishment, I have very little to say, because I think I have spoken long enough; but I suppose we can anticipate a battle royal between, on the one hand, those who would spare the rod and spoil the child and, on the other hand, those who would apply the rod and make us all smart, on the basis that "It hurts me more than it hurts you."

With regard to the third question, lotteries, I admit that I approach it with some prejudice in favour of honest toil as against gambling as a means of making a livelihood. I offer no apology for being prejudiced in that regard. But I shall certainly listen with pleasure and interest to the suggestions which I anticipate will be made for changes in the lottery law, not forgetting, however, my bias towards honest toil.

Honourable senators, that is all I have to say now; but I do assure the Leader of the Government (Hon. Mr. Macdonald), who did me the honour of nominating me to this committee, that, with the other members of the committee, I will devote to these important public questions my very best thought, industry and consideration.

On motion of Hon. Mr. Gershaw, the debate was adjourned.

The Senate adjourned until Tuesday, February 9, at 8 p.m.

83280—15½

THE SENATE

Tuesday, February 9, 1954

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine Proceedings.

CRIMINAL CODE

JOINT COMMITTEE ON CERTAIN QUESTIONS OF CRIMINAL LAW—MESSAGE FROM COMMONS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved,—That a Message be sent to the Senate to inform their Honours that the following Members have been appointed to act on behalf of the House of Commons on the joint committee of the Senate and the House of Commons as provided for in the resolution adopted by the House of Commons January 12, 1954, having to do with a revision of the Criminal Code: Messrs. Boisvert, Brown (Brantford), Brown (Essex West), Cameron (High Park), Decore, Dupuis, Fairey, Fulton, Garson, Lusby, Mitchell (London), Montgomery, Murphy (Westmorland), Shaw, Thatcher, Valois and Winch.

SENATE AND HOUSE OF COMMONS BILL

FIRST READING

A message was received from the House of Commons with Bill 171, an Act to amend The Senate and the House of Commons Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Farris, for the Chairman of the Standing Committee on Divorce, presented the following bills:

Bill X-8, an Act for the relief of Henriette Duffy Cote.

Bill Y-8, an Act for the relief of Jaroslav Jandera.

Bill Z-8, an Act for the relief of Robert Alfred Denman Stencel.

Bill A-9, an Act for the relief of Madeleine Forcier Midock.

Bill B-9, an Act for the relief of Annie Bray Hodgson.

Bill C-9, an Act for the relief of Joseph Kovecses.

Bill D-9, an Act for the relief of Winifred Margery Taken Dillen.

Bill E-9, an Act for the relief of Hilda Foster Mills Henderson.

Bill F-9, an Act for the relief of Evelyn Beatrice Diggon Ferguson.

Bill G-9, an Act for the relief of Hellon May Dreany English.

Bill H-9, an Act for the relief of Ione Larson Morris.

Bill I-9, an Act for the relief of Marie Laurette Carmen Gamache Desmarais.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time.

Hon. Mr. Farris: With leave, next sitting.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Farris, for the Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 247 to 266, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to.

CRIMINAL CODE

NEWSPAPER ARTICLES—QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. Arthur Marcotte: Honourable senators, before the Orders of the Day are proceeded with I should like to discuss a question of privilege. I received through the mail a clipping from last Friday's edition of the Ottawa *Journal* dealing with a debate in the Senate on Thursday. The article is headed "Senator Walks Out In Protest At Remarks On Death Penalty", and after references to the debate it says:

At this point Senator Arthur Marcotte (PC-Saskatchewan) left the chamber, stopping at Senator Roebuck's desk. Senator Roebuck said Senator Marcotte left because "he thinks I went too far".

That heading is certainly false, and so are the words I have just quoted, as will be seen from the *Official Report of Debates of the Senate*. The fact is that I never did walk out in protest. I did make an objection to the remarks of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), for I thought he was going too far. But that was all. After that I stayed listening to him for another twenty minutes, until the honourable senator from Rosetown (Hon. Mr. Aseltine) made his objection. At that time I had to leave the chamber for it so happened that I had an appointment to keep upstairs and a train to catch. As I passed by the senator from Toronto-Trinity I said to him

"Would you kindly excuse me for leaving the house while you speak, as I have an appointment to keep and a train to catch?" Then I left. Those are the facts. I did not walk out in protest. As a matter of fact, I have never walked out in protest against any honourable senator's remarks. That is not the proper way to object to anything. I have other ways of registering an objection. Honourable senators, I certainly dislike this kind of reporting.

I would refer honourable senators to the following, on page 226 of the Senate *Hansard* of February 4:

Hon. Mr. Roebuck: The honourable senator from Ponteix (Hon. Mr. Marcotte) who is leaving the chamber has just intimated to me that he thinks I am going too far; and the honourable senator from Rosetown (Hon. Mr. Aseltine) talks about withdrawing. Of course, I cannot stop him from withdrawing.

Honourable senators, the point is that my objection had been made to the honourable senator from Toronto-Trinity some considerable time before that, and I did not in fact walk out of the chamber in protest. A mistake was made somewhere and I just wanted to clarify the matter.

TRANS-CANADA AIR LINES FILM

INQUIRY STANDS

On the notice of Hon. Mr. Reid:

That he will inquire of the Government—

1. Has Trans-Canada Air Lines completed, or is in the process of completing a film?
2. If so, were any steps taken by them to have such a film made by the National Film Board?
3. If the National Film Board was so requested, what reason can be given for the National Film Board not making the film?
4. What is the total cost, so far, in the making of this film?
   (a) Under what title is the film being produced?
   (b) For what purpose is such a film being made?
5. Were any personnel, engaged for the making of such a film United States citizens? If so, what were their names and what remuneration did they receive?

Hon. Mr. Macdonald: Will the honourable member allow the inquiry to stand? I am endeavouring to get the information, but it has not come to hand yet.

The inquiry stands.

TRANS-CANADA HIGHWAY

INQUIRY STANDS

On the notice of Hon. Mr. Reid:

That he will inquire of the Government—

Of the $42,777,243.73 contributed by the federal government since 1950, towards the construction of the Trans-Canada highway, how much of this amount was spent in each province under the 100 per cent payable by the federal government for that portion of the Trans-Canada highway in national parks?

Hon. Mr. Macdonald: I am at present unable to answer this inquiry also, and I would ask the honourable member to allow it to stand.

The inquiry stands.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Farris, for the Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill M-8, an Act for the relief of Gloria Alphonsine Timmins Ferguson.

Bill N-8, an Act for the relief of Adella Alice McNeil Slobosky.

Bill O-8, an act for the relief of Vera Marguerite Hennigar Isenring.

Bill P-8, an Act for the relief of Sylvia Golbas Lann.

Bill Q-8, an Act for the relief of Lucy Jane Cole Judd.

Bill R-8, an Act for the relief of Walter Hardy Willows.

Bill S-8, an Act for the relief of Elizabeth Temple Jamieson Grier.

Bill T-8, an Act for the relief of Herbert William Bateman-Cooke.

Bill U-8, an Act for the relief of Rita Ann Rennie Knight.

Bill V-8, an Act for the relief of Mavis Josephine Green Jackson.

The motion was agreed to, and the bills were read the third time, and passed, on division.

NORTHWEST TERRITORIES BILL

THIRD READING

Hon. Mr. Crerar moved the third reading of Bill 77, an Act to amend the Acts respecting the Northwest Territories.

The motion was agreed to, and the bill was read the third time, and passed.

CRIMINAL CODE

JOINT COMMITTEE ON CERTAIN QUESTIONS OF CRIMINAL LAW—ADDITION TO MEMBERSHIP

On the motion for resuming the adjourned debate on the motion of Hon. Mr. Macdonald:

That the Senate do unite with the House of Commons in the appointment of a joint committee of both houses of parliament to inquire into and report upon the questions whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment or (c) lotteries, should be amended in any respect and, if so, in what manner and to what extent:

That the following senators be appointed on behalf of the Senate on the said joint committee, namely, the Honourable Senators Aseltine, Beauregard, Bouffard, Farris, Fergusson, Hayden, Roebuck and Veniot.

That the committee have power to appoint, from among its members, such subcommittees as may be deemed advisable or necessary.

That the committee have power to print such papers and evidence from day to day as may be ordered by the committee for the use of the committee and of parliament.

That the committee have power to send for persons, papers and records, and to report to the Senate from time to time.

That a message be sent to the House of Commons to inform that house accordingly.

Hon. W. Ross Macdonald: Before the debate is resumed, may I crave the indulgence of the house by referring to a suggestion made by the honourable senator from Waterloo (Hon. Mr. Euler). He pointed out that only one of the members named to the joint committee is not a lawyer, and thought that some laymen should be included. When the question of naming senators to the committee came up, there were certain senators who I felt should be appointed. I think all members of this house will agree that those who have been named are especially well qualified to serve on the committee. May I just go over the names? The first is that of Senator Aseltine, who has a wide law practice in western Canada and for ten years has been chairman of the divorce committee of this house. The next name is that of Senator Beauregard. He is a lawyer in the city of Montreal, has a very wide practice there and is highly regarded in legal and business circles of that city. Also, he was for four years Speaker of the Senate. Senator Bouffard was at one time Batonnier of the Quebec Bar, and he has a very large practice in Quebec city. Senator Farris was at one time Attorney General of the province of British Columbia, and is a former president of the Canadian Bar Association. Senator Fergusson practised law for some time in New Brunswick, and subsequently was engaged in social welfare work in that province. Senator Hayden comes from Ontario, where he is an eminent counsel and has acted as counsel in both criminal and civil cases. He has a very extensive law practice. Senator Roebuck was at one time Attorney General of Ontario, and in that province he has also acted as counsel on many criminal and civil cases.

The last senator named to the committee and the only one who is not a lawyer is Senator Veniot. He is a surgeon and physician, and I think honourable members feel that it is very appropriate that the name of a surgeon and physician from this house should appear on the committee.

The honourable senator from Waterloo (Hon. Mr. Euler) and the honourable senator from New Westminster (Hon. Mr. Reid) suggested, and I think most other honourable senators agree, that it would be desirable to have some laymen on the committee. I have spoken to the Minister of Justice with regard to this and he has no objection to the addition of two senators to the committee. Therefore, if I have the unanimous consent of this house I would move that the following names be added to the names of the senators appearing in the motion for setting up a joint committee of both houses of parliament to study the criminal law: Honourable Senator McDonald, who at one time was a member of the legislature of Nova Scotia and for a number of years was Minister of Agriculture in that province, and Honourable Senator Hodges, who before coming to this house was Speaker of the British Columbia legislature.

I realize I must have the unanimous consent of the house to make this motion.

Hon. Mr. Haig: Honourable senators, may I say just a word? I understand the House of Commons is appointing eight members to this committee.

Hon. Mr. Macdonald: No, seventeen.

Hon. Mr. Haig: Oh, that is different. Then I have no objection to the motion at all.

The motion was agreed to.

DEBATE CONTINUED

The Senate then resumed from Thursday, February 4, the adjourned debate on the motion of Hon. Mr. Macdonald for the appointment of a joint committee.

Hon. F. W. Gershaw: Honourable senators, in speaking to this resolution to set up a joint committee to inquire into questions related to capital punishment, corporal punishment and lotteries, I shall confine my remarks largely to mental illness as it is involved in the punishment of crime.

The records show, and those who are in a position to judge have stated, that mistakes occasionally occur, with the result that a mentally ill person charged with a crime, has paid the full penalty of the law, while the person who was really responsible for the crime was excused.

The Canadian Society of Psychiatrists, of which Dr. Randall MacLean of Alberta is chairman, have appointed a special committee to study this problem; and when their work has been completed and they prepare a report I hope that the royal commission, which will be set up to study the problem, will interest themselves in that report. I am sure they will.

At this time I would submit to the members of the proposed joint committee that they should not decide hurriedly upon any piecemeal changes in the law until the whole situation has been reviewed and there has been more research into the background of crime and the trial procedure in cases where the mental capacity of the accused is involved. I shall try to give a few reasons why I make that submission.

First, there is a wide difference between the legal definition of insanity and the modern medical conception of mental illness. Clause 3 of section 16 of Bill 7, the Criminal Code Bill now before parliament, contains a statement to the effect that a person who has specific delusions and who is guilty of a crime, shall not be excused because of such delusions; but that a person shall be excused on the grounds of insanity if he has some other form of delusions.

Now, a delusion is a false mental belief which cannot be corrected by proof, or judgment or reason. I might give a rough example of that definition. Suppose a person thought he heard a bell ring, but on second thought realized he was mistaken, that would have no significance. But if that person believed he heard a bell ringing, and, in spite of second thought or other assurances that he was mistaken, could not be persuaded that a bell was not ringing, and that condition persisted week after week, he would have a delusion, and that would be one symptom of insanity. Some mentally sick people do not have delusions, but when they have delusions it is quite a significant symptom.

The section to which I referred seems to imply that it is the degree of departure from the normal, or the prominence of some symptom, which decides whether or not a person is mentally responsible. But we all know that malignant diseases of the body or of the mind can exist without very prominent symptoms. Inconsistencies occur, because the section to which I referred is based on the McNaghten Rules, and the courts to some extent are guided by those rules, which are 111 years old. In 1843 a man named Daniel McNaghten was tried for the murder of Edward Drummond. McNaghten suffered from delusions of persecution. He wandered aimlessly in Scotland, and later, in France; and while in England he spent nights in the fields. He became embittered and took into his own hands the correcting of his imaginary wrongs by resolving to murder Sir Robert Peel. He watched that minister's home; he saw some man coming out, followed him, and shot him. The victim happened to be, not Sir Robert Peel, but Edward Drummond. McNaghten was tried by a jury, who brought in a verdict of partial insanity, and the prisoner was sent to what was then known as a lunatic asylum—a term for which we have now substituted "mental hospital". The trial, and in particular the verdict, caused a great sensation at the time, and members of the House of Lords discussed it for some days. Finally they set up a committee of fourteen judges to bring in answers to certain questions, and these answers comprise what are known as the McNaghten Rules. One of them is that a person with only a partial delusion should pay the penalty for his crime, because it was held that he was responsible. These rules, of course, have been used for a long time, but some of them, including that relating to partial insanity, are based on an assumed condition which is not now recognized to exist. Although the rules have been very useful, in the light of present-day knowledge many members of the legal profession—certainly, many psychiatrists—are not satisfied with them. The rules are capable of different interpretations and, as I have stated, they describe conditions which do not exist. They can be changed, of course, by parliament, and possibly by the courts. In fact they have been modified in seventeen of the forty-eight states of the American Union through the addition of a clause about "irresistible impulse".

This raises the question whether an impulse is irresistible or whether it is simply not resisted. The British Medical Association, asked for a recommendation, reported as follows:

> It should be recognized that a person charged criminally with an offence is irresponsible for his act when the act is committed under an impulse which the prisoner was by mental disease deprived of any power to resist.

A group of over one hundred American and Canadian specialists in mental diseases was invited to answer this question: "Is there a type of mental disease which makes it impossible to control an impulse to do bodily harm"? Ninety per cent of the replies were in the affirmative. So we can conclude that there is such a thing as irresistible impulse.

Hon. Mr. Vien: By whom were the answers given?

Hon. Mr. Gershaw: By one hundred United States psychiatrists and all the Canadian psychiatrists who could be contacted.

Hon. Mr. Vien: Were all of them medical men?

Hon. Mr. Gershaw: Yes; all were specialists. According to present-day opinion, the defect of the McNaghten Rules is that they stress symptoms rather than the disease itself. Section 16 of the Criminal Code Bill seems to be based on the assumption that if

an accused person has a certain degree of confusion and a certain set of delusions he is responsible for his crime, but if he has a greater degree of confusion and another set of delusions he is not responsible. But in dealing with symptoms in this case, as in almost every other, persons may be misled. The question which has to be decided is, was the accused mentally ill or was he criminally responsible at the time the act was committed? Did he know the difference between right and wrong? Did he act under an irresistible impulse? Those questions must be decided as soon as possible.

Now, there is such a thing as the commission of crime in the early stages of mental illness. In 1940 a man named Wilmans conducted an experiment in which he obtained detailed life histories of seven prisoners. All these persons were in jail, some of them awaiting execution. All of them showed signs of mental disease. They were taken to a mental hospital, where careful examinations were made, as a result of which it was determined that, certainly in four, and probably in the other three cases, the crimes had been committed in very, very early stages of mental illness.

One other reference to section 16. It provides that no person shall be convicted of an offence in respect to an act or an omission while he was insane. Informed medical opinion is not in accordance with that principle. Many so-called insane persons do know the difference between right and wrong. The mental hospitals are filled to overflowing with so-called insane persons many of whom, in the opinion of the medical superintendents, realize the difference between right and wrong.

I would like here to pay a tribute to the medical supervisors of the various mental hospitals. They are doing a great work collectively to try to find out all that can be learned about this baffling subject, and they are making a real contribution to human welfare as well. As a result of these studies, precise methods of diagnosis have been worked out so that any advanced case of mental illness can be diagnosed, and practically all the insidious cases can be detected.

Hon. Mr. Vien: Will the honourable gentleman allow me a question? I do not want to interrupt him.

Hon. Mr. Gershaw. It is quite all right.

Hon. Mr. Vien: I wanted to ask him if the medical opinion to which he has referred is to the effect that there is no partial reduction of the responsibility of the accused.

Hon. Mr. Gershaw: No, I would not say that. The whole case cannot be decided upon one symptom; it must be examined and reviewed in its entirety. The specialists do not believe in the existence of a partial delusion in a normal person; that is, they have discarded the view that the brain acts in compartments and have come to the view that it acts as a whole.

Hon. Mr. Vien: In a certain case five eminent psychiatrists were called as expert witnesses. Two of them were of the opinion that the accused was fully responsible. Two stated that the will power of the accused had been impaired to some extent, but not so as to annihilate his responsibility. The fifth medical expert said that, after hearing the evidence, he found himself quite unable to express a considered and definite opinion.

Hon. Mr. Gershaw: I shall attempt to deal with that point a little later.

As the result of long study and observation more precise methods of diagnosing mental diseases have been developed, so that in most cases now it is possible to say whether grievous or insidious mental illness is present. The examination must not be done in haste, and a full case history is needed. A careful and complete physical examination is required. Has the accused had any serious accidents? Has he had any head injuries? What diseases has he had? Has he had epilepsy, encephalitis, meningitis or sleeping sickness, and so on? A full blood examination must be made and the condition of the arteries examined to ascertain whether parts of the brain are deficient in blood supply. Heredity and environment are factors that must be considered. What has been the social background and home upbringing? Possibly an electric cephalogram and other technical examinations should be made. The point is that it must be a thorough examination and one that is made at the request of either the prosecution or the defence, but not for the prosecution or for the defence. The duty of a medical witness is very different from that of a lawyer. The medical witness is bound to give his exact findings, for that is his special duty.

Honourable senators, I have been endeavouring to show that the McNaghten Rules must be revised and brought up to date. I am trying to show that legal definitions should be enlarged and that the medical examinations should be as complete as possible. I should like to refer to another situation which makes mistakes possible. The medical witness is always in an embarrassing position when giving evidence. The doctor stands in the witness box before the judge

who is presiding with all the dignity that tradition calls for. Then there is the presence of the jury, and perhaps a crowded court room. There are tables at which lawyers sit, ready to do battle and take objection to what is being said. Probably the doctor is a poor witness anyway.

Some Hon. Senators: Oh, oh.

Hon. Mr. Gershaw: A very eminent psychiatrist has said that to his certain knowledge a dangerous murderer was once acquitted. This resulted from the skilled advocacy of the trial lawyer. Every jury regrets having to bring in a verdict that will result in a death sentence. In this case the lawyer exploited to the utmost the jury's dislike and horror of the death penalty. He interpreted the medical evidence to favour his client, as of course was his duty. The members of the jury were confused: they could either send the man to the gallows or acquit him, and they acquitted him. The lawyer had sowed the seeds of doubt in the minds of the jury, and their sentiments did the rest. The accused man had murdered his sixteen-year-old mistress. He was set free but he soon returned before the courts, charged with another crime which was so horrible and revolting that he had to be protected from his fellow prisoners. The confusion of the jury was a factor in this man's acquittal in the first instance.

I hasten to say at this point that I think the jury system is a good system and has made very few mistakes down through the ages. However, the average juryman may be confused over technical evidence. In a recent Ontario case the jury found the accused to be guilty, and he was sentenced to be hanged. For some reason a new trial was ordered, and with the very same evidence the new jury found the prisoner to be insane at the time the crime had been committed.

Honourable senators, I should like to make a suggestion which I hope may prove valuable at this time. It may, of course, not be accepted. I think the jury should have the responsibility of deciding whether the accused actually committed the crime, but when there is a question of the mental capacity of the accused I think the judge should decide as to whether mental illness is present. If this change in the law were made, the judge, where mental responsibility is involved, could request a board of competent men to make a full examination. He could discuss their report in the quiet calm and judicial atmosphere of his own chambers. He could question these people on their report and decide what should be done.

I think this system would have four advantages. First of all, it would prevent mistakes that are now being made. Not very long ago a mentally deficient boy was sentenced to death for murdering a rather prominent person. It was felt that public indignation affected the jury. The boy was hanged, although in the opinion of a psychiatrist he was an imbecile.

Secondly, this system would be a step closer to modern scientific criminology based on justice and the protection of the public.

Thirdly—and I think perhaps this will answer the question that the honourable senator from Delorimier (Hon. Mr. Vien) raised a few moments ago—it would prevent the unfortunate confusion of contradictory medical evidence, which of course is very undesirable. If the judge were to hold consultations in his private chamber I think he would be more likely to reach a correct finding as to the accused's mental state.

The fourth advantage I see in this system is that it would remove all possibility of revenge entering into the picture. I am not suggesting that jails should be turned into mental hospitals; far from it. I have tried to find out how many cases there have been where the mental capacity of the accused has been a problem. It seems that long ago writers felt that 20 per cent of accused persons suffered from some kind of a mental disability, and recent writers claim that the number is as high as 60 per cent, especially in murder cases. I am simply pleading that the medical specialists should be asked to explore the facts, and that legal jurisprudence should carry on from that point.

One more suggestion which I wish to make is that in the interest of fair play it would be wise to have the judge decide on the punishment even in such crimes as murder. I understand that in the case of first degree murder the judge has no choice as to the punishment, but I think for several reasons he should have the right to decide in cases where physical or mental illness of the accused is involved.

I once talked to a member of a jury in a murder case, after the trial was over. He said: "Oh, yes, the evidence warranted a verdict of guilty, but we were sorry for the poor little fellow. We didn't like the attitude of the prosecuting attorney, and we knew that if we brought in a verdict of guilty our little friend would be hanged."

I know that the prerogative of mercy may be exercised by the Governor in Council, but I still think that the trial judges, who see the witnesses, hear their evidence, and observe

the prisoner day after day, are in the best position to judge what should be done. I have been dealing with those mental diseases that encroach upon the minds of men and take away their volition and normal functions. In section 16 of the bill there is another condition mentioned, that of natural imbecility which, of course, is congential but still requires some degree of judicial decision. The problem is to decide between low grades of mental intelligence and absolute deficiency; and of course in these cases there should not be vicious treatment of psychopathic persons, although the public must be protected. After all, the punishment should only fit the crime.

Honourable senators, our hearts go out in sorrow and sympathy to the unfortunate derelict who has been conducted from the prison cell along that dark corridor to the gallows. We wonder and ask ourselves what defect or flaw in our social system has contributed to his downfall. Is it our way of life? Is it the books we read? Is it that the day schools and the Sunday schools have not reached that person? Or is it that we have neglected some phase of mental treatment? Then again, we shudder to think of the cruelty of the dark ages, and the callous way in which these matters were then regarded. One hundred and fifty-years ago there was a long list of crimes punishable only by death. Most crimes have been removed from that list, and murder is about the only one remaining. The question before the committee will be: Has the time come for wiping the slate clean? Well, when I read, as I did recently, of a man and a woman, apparently in normal health, who carried out a deliberate plan to kidnap and murder a child for the sake of receiving some money, I can only say that the death penalty should remain in the Criminal Code.

In closing, I express the view that we should make full use of the very best knowledge that the age affords in deciding whether evil intention or mental illness was the impelling force that led to the crime. Modern, humane, scientific criminology calls not only for justice but for mercy—for treatment for preventive measures, for efforts to reform the accused as well as for protection of the public.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: May I ask the honourable senator one question. Do I understand that the part of the bill which he mentioned is to be referred to the joint committee, or is it not to be referred to a Royal Commission by the Minister of Justice?

Hon. Mr. Gershaw: The Royal Commission will be investigating the subject. I tried to give some reasons why no drastic steps should be taken until more research had been made into trial procedure and into the background of criminology.

Hon. Mr. Farris: Honourable senators, I beg to move the adjournment of the debate.

Hon. Mr. Haig: Honourable senators, before the motion is put, I wish to say that I have some doubt—and this is a good time to raise it—whether my honourable friend, who has been named to the committee, has the right to speak on this subject at the present time. I question whether, under the rules, any member of the committee has the right to speak on the subject now. I question that very seriously. If *Beauchesne* is referred to, I think it will be found that a member appointed to a committee becomes disqualified by speaking to the matter beforehand. It seems to me that this bears investigation, because the last man I would like to see excluded from the committee is the honourable senator from Vancouver-South, (Hon. Mr. Farris). I would rather see him on the committee than anybody else. I am inclined to think that we are transgressing the rule.

Hon. Mr. Macdonald: Honourable senators, on the point of order that has been raised, my understanding of the rule is that a member of a committee, to disqualify himself from serving on it, must be completely opposed to the committee and the purpose for which it was set up. I do not think he can be prevented from speaking on the set-up of the committee.

Hon. Mr. Farris: In order to judge if I am to be disqualified or not, perhaps it would be as well to allow me to speak first.

Hon. Mr. Vien: Honourable senators, I take it that not only the members of the committee, but all members of this house will be called upon to pass judgment when the measure comes back from the committee. I think the position has been properly expressed by the honourable leader (Hon. Mr. Macdonald). If a definite and strong opinion against a committee and its purpose is expressed by an honourable senator, he would be disqualified from serving on the committee; but otherwise he is perfectly at liberty to express his opinion. We have before us a motion to form a committee to inquire into and report on certain questions relating to the Criminal Code. I know of no rule that would disqualify a member of the committee from serving on it because of expressing his opinion on the subject-matter of the motion before it is referred to the committee.

The Hon. the Speaker: Honourable senators, may I say that since the last sitting I have given some thought to this matter. As far as I can ascertain, the fact of an honourable senator's name being included in the motion should not deprive him of the privileges of debate enjoyed by other honourable senators, and I so rule. Most legislation has to be debated before going to committee. If I were to rule that a member of the house who has been named to a committee was precluded from debating the question to be referred to the committee, then all honourable senators would be automatically debarred from discussing any bill or other matter referred to committees of which they are members.

Hon. Mr. Haig: Honourable senators, with all due respect, I believe that the Leader of the Government (Hon. Mr. Macdonald) misunderstands my position. My opinion is that any member can discuss the question as to whether we should appoint a joint committee or not; there is no question about that; but if after the names are agreed upon a senator who has been appointed to the committee expresses an opinion, expresses his views, common sense would tell me that his usefulness as a member of the committee is gone, because he then has indicated he has already made up his mind before he hears any evidence at all. It would seem to me that if we are going to derive any results from the deliberations of the committee, a member of that committee cannot rise and say that he is against capital punishment, for instance, before the committee hear the evidence. Surely such an expression of opinion cannot be of any use to this house. My view is that any of us who are not on the committee may speak to the question, for we have not got to hear the evidence. But even in our case there is a doubt. If we express our opinions now, shall we not be already prejudiced in the decision that we are called upon to make when the matter comes back to this house from the committee? That is what I am afraid of. I will not press the matter any further, but I wanted to raise that objection. I still think honourable senators appointed to the joint committee should not speak at this time, and I am doubtful if the house itself should discuss the merits of the matters mentioned in the motion. What we should discuss is only whether or not a committee should be appointed.

Some Hon. Senators: Hear, hear.

Hon. Mr. Lambert: Honourable senators, I think there is a point that has not been emphasized in connection with this motion. When a motion comes before this house to appoint members to a joint committee for a certain purpose, it is pretty hard, it seems to me to place limits upon the discussion of matters connected with that motion. I do not think that an expression of his or her views commits any member of the proposed committee, or that it would prejudice a member in any way, shape or form, when the actual investigation before the committee commences. Otherwise we would be precluded pretty much from discussing a good many motions involving subsequent inquiries. Take, for example, the speech that we have heard tonight. I do not think anything that was said would prejudice anybody's mind; rather, it was more in the way of suggesting aspects of the inquiry that should be considered carefully. I do submit that the subject-matter of the inquiry cannot be separated at all from the discussion on the setting-up of the committee, and to suggest that some aspects of certain questions should be included in the inquiry is a purely legitimate process.

Hon. Mr. Golding: Honourable senators, I would suggest to His Honour the Speaker and also to our leader that they read carefully Standing Order No. 65 of the House of Commons. I think that Order makes it very clear that anyone who is appointed a member of a committee to deal with a bill should be very careful as to what he says regarding the principle of the bill. You can have a general discussion, there is nothing to prevent you from doing that, but under Standing Order 65 I do not believe that any member who is going to act on a committee should commit himself in regard to the principle involved before the committee meets. I would draw a parallel between this and the selection of a jury. If it was known that a person who had been called for jury duty had already committed himself and expressed his views in respect to the case that the jury was going to hear, then counsel on either side would have the right to challenge him, on the grounds that he was prejudiced. I think if you read House of Commons Standing Order 65 you will see that that is the principle which is involved here. You can have a general discussion if you like, but that is all.

Some Hon. Senators: Question.

Hon. Mrs. Hodges: Honourable senators, I hesitate to say anything after all that has been said, but I should like to make just one or two remarks. I can hardly see that expressions of opinion by a member of a parliamentary committee are at all analagous to expressions of opinion by a juryman concerning a case that the jury will be called

upon to determine. After all, we are going to consider evidence brought before the committee. Some honourable senators have taken the stand that if a committee member expresses a view either for or against, say, capital punishment, that should automatically disqualify him or her from sitting on the committee, but it seems to me that that is a rather unfortunate stand to take. I see nothing at all to prevent any member of this house from standing up and expressing views in favour of or against, say, capital punishment. I have just been named to the committee, and I should not like to feel that I am going into it with the knowledge that my preconceived notions are not subject to modification after I shall have heard the evidence. It is rather suggested that members of the committee who take part in this debate would be going to the committee with closed minds, but I cannot agree. From my little experience as a Speaker, honourable senators, I am unable to see any objection to any members of this house speaking to the principle of the resolution, for I do not believe that they would thereby commit themselves in any way.

Hon. Mr. Golding: Honourable senators, I do not want to argue that point at all but I would suggest to the members of the Senate that they read Standing Order No. 65 and then put their interpretation on it.

An Hon. Senator: Read it.

Hon. Mr. Golding: I have not got Beauchesne's volume with me.

Hon. Mr. Euler: The Speaker has given his ruling.

Hon. Mr. Golding: Will the leader read Standing Order 65?

Hon. Mr. Macdonald: No, I have not got it here. The Speaker has given his ruling and I do not think we should debate it.

Hon. Mr. Vien: Honourable senators, there is a fundamental point which is very clear, namely, that those who participate in a debate must speak to the question before the house. The question before the house is that a joint committee be appointed to study and report upon certain matters. Therefore, we should limit our discussion to the question: Is it expedient or not to form a joint committee for these purposes? In practice, however, when a committee of this kind is proposed, the subject-matter to be referred to the committee is also, by general consent, discussed to a certain extent.

Hon. Mr. Turgeon: Honourable senators, may I have the privilege of asking a question of the honourable senator who has just spoken? One of the practices in this chamber of parliament, at any rate, is that after we adopt the principle of a bill we then send it to a committee. Now, is there any rule which says that a senator, knowing that a bill will go to committee, of which perhaps he will be a member, must not speak on the principle of the bill before the bill goes to the committee?

Hon. Mr. Vien: My honourable friend is referring to discussion on the second reading of a bill, whereas this is a motion for the appointment of a committee.

Hon. Mr. Euler: Honourable senators, on a point of order, I would point out that His Honour the Speaker has given his ruling, and I submit that unless the ruling is to be appealed there should be no further debate.

Some Hon. Senators: Question!

The motion of Hon. Mr. Farris for adjournment of the debate was agreed to.

POST OFFICE BILL

FIRST READING

A message was received from the House of Commons with Bill 168, an Act to amend the Post Office Act.

The bill was read the first time.

The Hon. The Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 10, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

TOURIST TRAFFIC

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Mr. Buchanan, Chairman of the Standing Committee on Tourist Traffic, presented a report of the committee.

The report was read by the Clerk Assistant as follows:

The committee recommend that it be authorized to print 600 copies in English and 200 copies in French of its proceedings, and that Rule 100 be suspended in relation to the said printing.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Buchanan: With leave, I would move that the report be concurred in now.

The motion was agreed to.

PRIVATE BILL

CANADIAN PACIFIC RAILWAY COMPANY— REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill R-5.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications to whom was referred the bill R-5, intituled: "An Act respecting Canadian Pacific Railway Company", have in obedience to the order of reference of January 26, 1954, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Taylor: Honourable senators, with leave of the Senate, I move that the bill be read the third time now. There is a certain degree of urgency with respect to this measure owing to the fact that it must be passed in the other place and receive the Royal Assent before any negotiations can be carried out as to the construction of rights of way.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

BRAZILIAN TELEPHONE COMPANY— SECOND READING

Hon. G. P. Campbell moved the second reading of Bill W-8, an Act respecting Brazilian Telephone Company.

He said: Honourable senators, the purpose of this bill is to authorize Brazilian Telephone Company to transfer its head office from the city of Toronto, Ontario, to the city of Sao Paulo, in the United States of Brazil. It is proposed that upon the transfer becoming effective, and if it is approved by the shareholders of the company, the Companies Act shall cease to apply, and the company will then become a corporation under Brazilian law. The Brazilian Telephone Company is a wholly-owned subsidiary of Brazilian Traction, Light and Power Company Limited. Its assets are wholly situated within Brazil, where it carries on its operations, and it is part of the long-term plan of Brazilian Traction Company to have its subsidiaries change their status from foreign corporations to domestic or Brazilian corporations. The chief purpose in making such a change is to enable the company to procure some of the financing for its various enterprises within Brazil. Apparently the companies operating in Brazil have not been able to raise money locally on account of the operating companies being foreign corporations.

It may be of interest to honourable senators to know something of the functions of this telephone company, and in dealing with this I would ask for permission to keep fairly close to my notes, because there are some figures that I would not like to misquote.

The Brazilian Telephone Company was incorporated under the Companies Act of Canada in 1914. Its present authorized capital is 1,050,000 shares of a par value of $100 each, or an authorized capital of $105 million. There are at present outstanding 50,000 shares, all of which are held by the Brazilian Traction, Light and Power Company Limited, which is a Canadian corporation; and I might say that there is no intention of changing the status of the holding company. The Brazilian Traction, Light and Power Company will remain a Canadian corporation.

Although the name of Brazilian Telephone Company has been changed on several occasions, it has from the date of its organization been an operating company in Brazil, with all its assets there. The book value of its assets at the present time is approximately $175 million. The company supplies approximately 80 per cent of all the toll and local telephone service now available in Brazil, and the annual revenue from this

telephone service is about $48 million, which is, I believe, approximately 28 per cent of the total gross revenue of all the subsidiaries of Brazilian Traction. The investment that Brazilian Traction has in Brazil is in excess of $700 million.

The earned surplus of Brazilian Telephone Company is approximately $30,000,000. In addition to the 50,000 issued capital shares, the company has outstanding a debenture issue totalling approximately $65 million. These debentures are owned by Brazilian Traction, and certain of them are pledged under a collateral trust indenture of Brazilian Traction, pursuant to which bonds of the Brazilian Traction have been and will be delivered to the World Bank—the International Bank for Reconstruction and Development—and to others.

As I propose to show later, I believe it would be practically impossible to transfer the assets of this company to a newly-formed Brazilian corporation. That is why Brazilian Telephone Company is asking for this rather unusual power to enable it to change the location of its head office.

The areas in Brazil at present served by Brazilian Telephone Company contain approximately 38 per cent of the total population of Brazil and are the most highly industrialized and progressive areas in that country. The demand for increased telephone service in the areas serviced by the Brazilian Telephone Company has increased greatly. Over the period from 1948 to 1952 the company extended its service by providing approximately 160,000 additional telephones, bringing the total number of telephones in service up to 530,000. The capital cost of those additional telephones in that period was approximately $60 million. The demand continues, and it is now estimated that Brazilian Telephone Company must spend about $180 million in the period from 1953 to 1957 to provide an additional 385,000 telephones and ancillary equipment.

In order to meet the tremendous demands for its services Brazilian Traction has borrowed in the past few years approximately $110 million, has negotiated an additional loan of $18 million, and has arranged extensive credit from suppliers in Canada, United States and elsewhere throughout the world.

Hon. Mr. Davies: Is that Canadian money?

Hon. Mr. Campbell: It is not entirely Canadian money; some was raised in England, some in the United States and some in Canada.

It is apparent that the company must raise much additional capital; and after careful investigations the company has come to the conclusion that the most practical and probably the only feasible method of financing is by raising capital in Brazil by way of equity financing.

Under Brazilian corporation law the President of Brazil has power to issue a decree giving the company a Brazilian nationality, provided that the head office of the company is moved from Toronto to a city in Brazil; and the present bill provides that upon the issuance of the decree the Companies Act of Canada shall no longer apply to Brazilian Telephone Company.

For the purpose of the record perhaps I should quote some provisions from article 71 of the Brazilian law governing nationalization of foreign companies. First I should say that "nationalization" in this respect is used in a different sense from that which we understand. It is proposed to make the corporation a domestic corporation subject to the laws of Brazil.

Article 71:

A foreign corporation authorized to carry on business in Brazil may be nationalized, subject to authorization of the federal government, by transferring its head office to Brazil.

That is the first requisite.

Para. 1—For such purpose it shall, through its qualified representatives, file, together with the application, the documents required by article 64, sole paragraph, items a, b and c, excluding the exception permitted in this last item and f; proof of the capital having been realized in accordance with the charter or by-laws and the minutes of the general meeting of the shareholders at which the nationalization was decided upon.

Para. 2—The federal government may impose such conditions as it deems convenient to protect the national interests.

Para. 3—Once the conditions imposed are accepted by the qualified representatives, the federal government shall issue the decree of nationalization, there being complied with, thereupon, the provisions, of paragraphs 3 and 4 of article 61.

Again, for the purposes of the record, so that anyone reading these remarks may understand the requirements of the Brazilian law, I will read items a, b, c and f referred to in paragraph 1 of article 71:

(a) proof that the company is constituted in accordance with the law of its country;

(b) a complete text of its charter and by-laws;

(c) a list of its shareholders setting forth the names, professions, addresses and number of shares held by each of them, except where being the shares to bearer, it will be impossible to fulfill such requirements;

(f) the last balance sheet.

I will now read paragraphs 3 and 4 of article 61 which are referred to in paragraph 3 of article 71:

Para. 3—Upon grant of authorization the respective decree and the documents hereinbefore referred to in this article shall, by means of certificates issued by the competent department of the government, and within 30 days, after the payment of all fees and taxes due, be published in the official gazette of the Union, and a copy of such

gazette shall be filed in the commercial Registry Office of the place where the corporation has its head office.

Para. 4—The certificate of filing issued by the Commercial Registry Office shall be published in the Official Gazette of the Union.

Hon. Mr. Isnor: Could the honourable gentleman inform the house when the act from which he is reading came into effect, and whether it is still in effect?

Hon. Mr. Campbell: The act has been in force for some time, and this particular article came into effect on September 26, 1940. Quite a number of foreign corporations have already changed their status to that of Brazilian corporations, and have complied with the provisions of this act.

This bill is a prerequisite to the company's making application in Brazil, pursuant to Brazilian corporation law, for a decree by which the company will become a Brazilian corporation. If the bill becomes law it will then be necessary for the company, in order to transfer its head office from Canada to Brazil, to have this sanctioned by the uanimous vote of its shareholders at a special general meeting called for the purpose.

As I stated earlier, the company cannot raise capital in Brazil unless the operating companies are changed into Brazilian companies subject to Brazilian corporation law. In order that these operating companies may continue to meet their obligations under the concessions under which they operate in Brazil, it is necessary for them to obtain substantial financing from Brazilian residents.

Honourable senators may wonder why it was not possible to incorporate a company in Brazil and then transfer the assets of the Canadian corporation to the Brazilian corporation. That procedure has been carefully considered and has been followed wherever possible. In this particular case, however, many difficulties would have been encountered in the transferring of assets. I will mention these difficulties, briefly.

Telephone service is provided under many concessions which establish the rates of return permitted to the company. Toll service is provided under state toll concessions. Local telephone service is provided in certain areas under state concession, but in many areas it is under municipal concessions; for example, in the state of Sao Paulo there are approximately ninety-five separate and distinct municipal concessions under which service is provided. In order to effect transfer of assets in any given municipality under municipal concession, it would be necessary to have the consent of the municipality to the transfer. Negotiations for transfer of these concessions, along with simultaneous negotiations for satisfactory rate bases and rates to ensure adequate return, would present at this time an impossible task for the company. It is anticipated that negotiations for satisfactory rate bases and rates, where and when necessary, can more readily and successfully be carried through after there is public participation in the company.

In order to transfer assets to a new company, it would be necessary to prepare a detailed inventory of all the property of the company so that the assets could be valued by experts, as required by Brazilian corporation law. This in itself is a tremendous task which would in fact delay the reorganization and the appeal to the public market for many months.

Then there is a third item, transfer taxes, which would be very substantial in this particular case. A transfer tax payable on the transfer to a new telephone company of the extensive assets of Brazilian Telephone Company would be substantial, being at the rate of 6 per cent in the state of Sao Paulo and 9 per cent in the state of Rio de Janeiro, on the value of the immovable assets of the company. The transfer of the concessions of the company would also be subject, in the state of Sao Paulo, to a tax based on the real value of the concessions. To establish the value of the concessions for the purpose of this tax would, it is considered, require lengthy negotiation.

I have touched on the difficulties with respect to financing. The collateral trust bonds of Brazilian Traction, Light and Power Company, Limited, held by the International Bank for Reconstruction and Development, the Canadian public and others, are secured in part by dollar debentures of Brazilian Telephone Company. These debentures are secured by the equivalent of a floating charge on the assets of the company in Brazil. In the light of Brazil's present exchange crisis, the issue of dollar debentures of a Brazilian company which would be necessary on the transfer of assets to a new company would present many difficulties, whereas the proposed method leaves the existing debenture debts unaffected. In addition, it would be an impossible task to transfer immediately to the new company legal title to the assets, which would be essential for the security of the collateral trust bonds of Brazilian Traction, Light and Power Company, Limited.

The company, in the light of all these circumstances, considers it is possible to vary the procedure of transferring assets in the ordinary way of incorporation. It can be readily understood that an attempt to carry through the reorganization of Brazilian Telephone Company by way of transfer of

assets would involve protracted delay, at great cost, even if it were possible. The procedure suggested by this particular bill would exceedingly simplify the transaction. If the bill passes, it would only be necessary to hold a meeting of the shareholders of the company and have them sanction the proposal, and then have the company apply under Brazilian corporation law for the necessary decree. From that time on the company would cease to be a Canadian corporation, affected by Canadian law, and would become a Brazilian corporation, entirely controlled under Brazilian corporation law.

Hon. Mr. Farris: Why was it incorporated in Canada in the first place?

Hon. Mr. Campbell: In the first place, I think the policy was to require all companies operating in Brazil to be incorporated in the foreign jurisdiction from which the capital was being raised. For instance, a number of Brazilian companies are incorporated in England and Belgium, and some are incorporated in Canada under the Federal Companies Act and one under the Ontario Companies Act. In this case the Canadian corporation, the holding corporation, was incorporated in Canada, because it was thought that the original organization of these operating companies should be done under the corporation laws of the countries where they were securing a substantial amount of their financing. However, demands for new services in Brazil have become so great that it is quite impossible to keep pace with them. Brazilian Traction Company has had to secure money wherever possible in order to try to carry out its expanding services, and it is now apparent that it will have to have assistance from investors in Brazil and possibly from Brazilian banks.

There is in Brazil what is known as the Brazilian National Economic Development Bank, which is modelled on the International Bank for Reconstruction and Development. It is not the Brazilian bank's policy to advance money to foreign corporations or to any corporation unless a substantial private investment is made by Brazilian residents. To this date Brazilian Traction has never been able to persuade private investors in Brazil to make investments in either the operating companies or the holding company, but it is hoped that the steps which are being taken to transfer the head office of the operating companies to Brazil will encourage substantial private investments in Brazil and through this Brazilian National Economic Development Bank.

Probably a bill of this kind should go to the Banking and Commerce Committee, and, if honourable senators agree, I will move later that the bill be referred to that committee. Mr. Henry Borden, the president of the company, will be here next week.

Hon. Mr. Paterson: May I ask if Canadian shareholders would not be losing control of some of their valuable equity?

Hon. Mr. Campbell: Of course, the equity of Canadian shareholders is in Brazilian Traction, Light and Power Company, Limited. There is no suggestion that that corporation is going to change to a Brazilian company. Brazilian Traction holds and will continue to hold the shares of this operating company, and I suppose instead of being a wholly-owned subsidiary it will become a controlled subsidiary. Certainly, it will not lose any of its assets. What will happen in Brazil in the future is another question.

Hon. Mr. Burchill: Did I understand the honourable senator from Toronto (Hon. Mr. Campbell) to say between the years 1948 to 1952, during which period 160,000 telephones were installed, all the expansion costs, amounting to $60 million, were raised by borrowing?

Hon. Mr. Campbell: I think that amount was raised by borrowing. I am referring to Brazilian Traction, of course, for the principal borrowings are made by the parent company. The security that is pledged is very often the security of the operating company.

Hon. Mr. Reid: Honourable senators, I must be frank in saying, first of all, that I do not know as much about the set-up of companies or the operation of companies as do honourable members who are lawyers and who have brought a lot of charters before this chamber, but I think this is an extraordinary bill. Here is a company that was granted a charter by the Canadian government on behalf of the Canadian people, and shares were sold to the Canadian people and their money invested in Brazil. From what I have read, this proposed change has come about because of certain threats that have been made by authorities in Brazil against companies operating there. I say to honourable senators that if a measure came before parliament asking for the grant of a charter to a company whose head office was in Brazil, I doubt if we would pass it. The head office of Brazilian Telephone Company has been in Canada, and a charter was granted to it and Canadian money has been invested in it. Now it is proposed to transfer

the head office from Canada to Brazil—a foreign country—notwithstanding all the Canadian money that has been expended. I am going to oppose it. It is my contention as a layman that if we pass this bill we should rescind the charter.

Hon. Mr. Lambert: Honourable senators, I think the majority of the members of this chamber must be pretty well acquainted with the situation affecting Brazilian Traction, Light and Power Company at this time. I think the honourable senator from Toronto (Hon. Mr. Campbell) has made a very clear and thorough statement of the legislation he is seeking on behalf of this one integral company, a subsidiary of the large holding company, Brazilian Traction. To transfer the head office of Brazilian Telephone Company from Canada to Brazil now, so that it will be known as a Brazilian company instead of a Canadian company, is simply a logical and natural step to take. This proposed transfer has been discussed freely in the press for the past year. The proposal arises from the peculiar economic conditions that exist in Brazil, resulting mainly from the recent war, and which affect all shareholders of Brazilian Traction in this country.

Without attempting to go further than the honourable senator from Toronto has gone in this connection, I do think that if this bill is sent to the Banking and Commerce Committee, and Mr. Borden is present, we should be able to get some light upon the whole situation as to Canadian capital invested in Brazil. Mr. Borden has made some very reassuring statements within the last couple of months. I am quite sure that this matter is important, serious and large enough to demand the patient consideration of all members of this house.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Campbell, the bill was referred to the Standing Committee on Banking and Commerce.

SENATE AND HOUSE OF COMMONS BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 171, an Act to amend the Senate and House of Commons Act.

He said: Honourable senators, the purpose of this bill is to increase the indemnities of the members of both houses, and to increase allowances to the Speaker of this House, the Speaker of the House of Commons and the Deputy Speaker of the House of Commons. There is also provision to increase the allowance to the Leader of the Government in this house. The bill further provides for an increased allowance to the Leader of the Opposition in the House of Commons and to the Leader of the Opposition in this house. There is also a provision in respect to the number of days which honourable members are permitted to be absent from sittings without penalty, and a provision for an increased penalty in case of absence beyond the days allowed.

Before going into the reasons for the increase in the indemnities at this time, it might be helpful if I reviewed briefly the history of the indemnity increases since confederation. It should be noted that throughout our history the scale of indemnities payable to members of both houses has been the same. This bill provides for continuation of that practice: it makes no distinction between the amount of indemnities payable to members of both houses.

In 1867, the first sessional indemnity was $600; and this was increased, in 1873, to $1,000. The indemnity remained at this level until 1900, when it was increased by 50 per cent, to $1,500, and in 1905 it was raised to $2,500. There was no change from that year until 1920, when the amount was increased to $4,000. That has been the indemnity since 1920, approximately thirty-three years. In 1945 an expense allowance was granted to members of both houses. The allowance to members of the other house was not subject to income tax, but the one to members of this house was and remains subject to income tax. The rate of increase, at least of each of the last two increases, has been about two-thirds of the previous amount. The increase proposed by this bill is about two-thirds of the present amount.

When the rate was established in the early days of confederation, it was doubtful whether parliament would sit longer than a few months every year. In 1920, when the indemnity was increased to $4,000, there was a statutory provision that a session would be considered to consist of not less than 65 days, with not less than 50 sitting days. Now, honourable senators know that over the past ten or fifteen years at least the sessions have lasted much longer than 65 days; and they are likely to continue to last much longer than 65 days. It is true that each house does not sit the same number of days during a session, but it is to be remembered that for each house the session lasts the same number of days. For the current session both houses were called together on the 12th of November last, and both houses sat until the 17th of December. There was a week's difference in the dates

on which we reassembled after Christmas—the other house reassembled on the 12th, and the Senate on the 19th—and each house has been in session continually since then. Generally speaking, the two houses of parliament are in session an equal number of days every year.

When parliament assembles it is necessary for members to come here. Now, it is true that some members who live within reasonable distance of Ottawa can return home from week to week, but others are unable to do this and are forced to spend their full time here while parliament is in session. Honourable senators realize that an honourable member from Newfoundland, from Nova Scotia, from Prince Edward Island, from New Brunswick, from the eastern portion of Quebec, from the western portion of Ontario, from northern Ontario, from Manitoba, from Saskatchewan, from Alberta, from British Columbia or the Yukon cannot return to his home at week-ends, and in many instances it is doubtful if he can get home while parliament is in session. It is therefore idle for anyone to suggest, and I am sure no one in this chamber will suggest, that a member of parliament can carry on his ordinary business and, at the same time, be a member of parliament. It just cannot be done.

And more than that: a member of parliament may stay in Ottawa, away from his family, throughout the length of a session. Personally I do not think that is desirable, and most members of parliament do not think it is desirable. Many of them, therefore, bring their families to Ottawa and keep them here so long as the session lasts. And whether or not a member does this, he does in any event have to maintain two residences during sessions of parliament. One residence may be in a hotel or a private house in Ottawa—at any rate it has to be somewhere in or near Ottawa—and the other is in his home community.

I mention these things by way of pointing out that the length of the session has increased to such an extent since 1920 that members of parliament today not only have to devote more time to public business than was necessary then, but also have been obliged to adopt a way of living that is considerably different from that followed by members of parliament thirty-three years ago.

For those reasons, honourable senators will see that it is necessary to make some change in the indemnity. It was felt that an increase at the same rate as the previous increases, namely, two-thirds of the existing amount, would be satisfactory, in that it would enable members of parliament to carry on their public duties without too great a sacrifice. Far be it from me to dwell on the sacrifices that members of parliament have to make; nevertheless, we know that they have to live, and they require sufficient moneys on which to live.

The bill further provides that the indemnity, which is on a yearly basis, shall be payable at a monthly rate. From time to time over the years two sessions of parliament have been held in one year, with the result that exclusive of the expense allowance, each member of parliament received two indemnities of $4,000 each, or a total of $8,000. That is the amount which this bill would provide as an annual indemnity, and whether there are one, two or three sessions in a year, members of parliament cannot draw more than one sessional indemnity of $8,000. In that way, after passage of this legislation a member will receive the same annual remuneration as he received previously in a year in which parliament held two sessions.

The bill makes provision as to the date at which indemnities shall commence. For an honourable senator the annual indemnity shall date from the day on which he is summoned to the Senate; for a member of the other place it shall commence on the date on which he is elected to parliament and shall cease on the day on which the following election is held. And as I have already pointed out, that indemnity will be paid monthly.

The bill provides a change in the number of days a member of parliament may be absent without cause before a deduction is made. Honourable senators will recall that under the present act a member is allowed to be absent from the chamber without cause for fifteen days on which the house is sitting. A member who is absent for more than fifteen days is now charged $25 a day against his indemnity, plus $12.50 against his expense allowance. In other words, for every day a member is absent beyond fifteen days he must forfeit $37.50. Under the proposed bill a member may be absent twenty-one days. The reason for the extension is the longer sessions of parliament. In the days when the session lasted only sixty-five days it was felt that fifteen days' absence without cause was sufficient; but now that the sessions have lengthened considerably, it is felt that there should be an extension from fifteen to twenty-one days, and the bill was so amended in the other house.

The bill also provides a greater penalty for every additional day's absence than that previously imposed. As presented to the other house, the bill provided for a penalty of $25 a day. But as the bill now stands, a member of parliament will be penalized

$40 a day against his indemnity, for every day he is absent beyond twenty-one days, plus $20 a day against his expense allowance. In the result, a member will be penalized $60 for every day's absence without cause beyond twenty-one days.

Honourable senators, I believe I have explained all the pertinent provisions of the bill. It has passed through its various stages in the other house and now comes to us for our consideration.

Hon. Mr. Euler: Honourable senators, may I ask the leader a question? He has stated that the payments of the indemnity will be on a monthly basis, which I think is quite proper, but he has said nothing as to the expense allowance, which is now paid at the end of the year. Is there any reason why that allowance also should not be paid on a monthly basis? Or has anything been done about it?

Hon. Mr. Macdonald: As honourable senators know, the expense allowance is provided for in another section of the Act, and is not before this house at the present time. That section provides that the allowance shall be subject to half the deductions, if any, from the sessional indemnity. Therefore, without any action on the part of this house, it automatically becomes $20. Any action to be taken in connection with putting the expense allowance on a monthly basis, would be by way of an amendment to that section.

Hon. Mr. Reid: May I ask the honourable leader a question? Does he think that subsection 1 of the new section 33, in section 2 (1) of the bill, is clear? Do the words,

> For the sessions of each parliament there shall be paid to every member of the Senate and House of Commons . . .

make it clear that a member cannot draw two sessional indemnities in one year? For instance, we are in one session now, but we might be called back to another session this fall. Does the bill make it clear that only one indemnity a year will be payable?

Hon. Mr. Macdonald: I think the bill makes it quite clear that a member may draw only one sessional indemnity in any twelve-month period. Previously, as I have said, two sessions frequently took place in one year, and members claimed two indemnities of $4,000 each. The present bill would prevent claims for two indemnities in one year.

Hon. Norman P. Lambert: Honourable senators, in support of this resolution it is most opportune and fitting, I think, to place on the record a short extract from the speech delivered in the other place by the Prime Minister when moving the second reading of this bill. In my opinion the statement he made there is the most adequate expression which has been made in parliament of the relations of the various branches of parliament to each other, and will constitute a complete justification of this chamber in giving approval to the bill. I mention this statement particularly because comments on the bill, in the other place and more largely outside, have been directed to the position which this house occupies in relation to the proposals now before us. Without any further remarks, and being anxious to avoid an appearance of or approach to recrimination, I would like to quote from pages 1637 and 1638 of the House of Commons *Hansard* of February 1:

> Why should members of the other branch of parliament receive the same indemnity as the members of this house? Since confederation, that has always been the case. Perhaps that, in itself, is not a sufficient reason. But what does appear to me to be a sufficient reason is that the four provinces stated, as expressly set out in the British North America Act, that it was their desire to be federally united into one dominion under the crown of the United Kingdom, Great Britain and Ireland, with a constitution similar in principle to that of the United Kingdom. The parliament of the United Kingdom has been a two-chamber parliament as long as it has been a parliament, I believe—and that is for many centuries. The act itself, carrying out that principle, and that construction of the principle, provided that there shall be one parliament for Canada consisting of the queen, an upper house styled the Senate, and the House of Commons.
>
> Now, that was the constitution that the fathers of confederation represented as being the one desired by the Canadian public. That constitution has operated now in this country for 87 years; and I, for one, feel grateful that the fathers of confederation did recommend at that time that the constitution for the parliament of this new federal dominion under the crown should be similar in principle to that of the parliament at Westminster. I think the parliament at Westminster has been the model of all successful democratic parliaments that have been established in the world since that time.
>
> I know that questions have arisen from time to time about the portion of the work of parliament that is effectively done by the members of the Senate. Well, it must be recognized that the situations in the two houses are somewhat different and in consequence, though they both have responsibilities to the Canadian people, they have responsibilities of a different aspect concerning each of them . . .
>
> Everything of a legislative character has to be considered and has to be passed by both houses of parliament. And I have never heard any serious complaint from any source that the members of the other house of parliament do not give consideration and study to legislation—which could not become legislation unless it had their concurrence.

I submit, honourable senators, that nothing can be usefully added to or subtracted from that statement.

The Hon. the Speaker: I would draw to the attention of honourable senators the fact that under existing practice it is definitely provided that no reference shall be made in

our house to the debates in the other place within the same session. *Bourinot*, 4th edition, page 357, states:

> It is also a part of the unwritten law of parliament that no allusion should be made in one house to debates in the other chamber, a rule always enforced by the Speaker with the utmost strictness.

Under these circumstances, honourable senators, apt as is the quotation of my honourable friend, I have, I believe no alternative but to draw this rule to the attention of the house, and to leave the Senate itself to decide in its wisdom whether, with unanimous consent, it will establish a precedent and take the responsibility of overruling this very definite and well-established custom.

Hon. Mr. Lambert: Honourable senators, I thank his honour the Speaker for expressing his opinion. Before I read this statement I made some inquiries about the precedent involved, and I assumed that, before proceeding with the quotation, I had the unanimous consent of the Senate. I should be very glad if it could be assumed that such unanimous consent did in fact exist.

The Hon. the Speaker: Perhaps I was in error in not having drawn earlier the attention of the house to the fact that the honourable gentleman could not, under existing rules, proceed with the reading of the quotation without the unanimous consent of the Senate. In this, as in all other matters of procedure, the Senate itself is, I assume, supreme; and it is for the house to decide whether it will give unanimous approval to something which would otherwise be open to objection.

Hon. Mr. Haig: Honourable senators, on the point of order, I must say that I object, so there cannot be unanimous consent. I speak on my own behalf and on behalf of my party. I am very solicitous that this house shall not get into debates and fights with the other house on the basis of statements made over there. Through all the years since 1867 the practice of this house has been —as you, sir, have pointed out—that we do not discuss their statements, and they should not discuss ours. As Leader of the Opposition I feel a responsibility greater than I would as an ordinary member to maintain the best traditions of parliament. Long experience has shown the wisdom of the principle that neither house shall discuss utterances in the other house during the then current session. I was going to protest during the speech of the honourable senator from Ottawa (Hon. Mr. Lambert), but I have so much regard for my honourable friend that I did not wish, by interrupting him, to give the impression of being a confirmed objector in these matters: I therefore waited until he finished: and I expected that you, Mr. Speaker, would draw attention, as you have done, to this breach of the rule. But I must record my objection to the reading of the statement.

Some Hon. Senators: Question!

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

CRIMINAL CODE

JOINT COMMITTEE ON CERTAIN QUESTIONS OF CRIMINAL LAW—MESSAGE TO COMMONS

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Macdonald:

> That the Senate do unite with the House of Commons in the appointment of a joint committee of both houses of parliament to inquire into and report upon the questions whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment or (c) lotteries, should be amended in any respect and, if so, in what manner and to what extent:
>
> That the following senators be appointed on behalf of the Senate on the said joint committee, namely, the Honourable Senators Aseltine, Beauregard, Bouffard, Farris, Fergusson, Hayden, Hodges, McDonald, Roebuck and Veniot.
>
> That the committee have power to appoint, from among its members, such subcommittees as may be deemed advisable or necessary.
>
> That the committee have power to print such papers and evidence from day to day as may be ordered by the committee for the use of the committee and of parliament.
>
> That the committee have power to send for persons, papers and records, and to report to the Senate from time to time.
>
> That a message be sent to the House of Commons to inform that house accordingly.

Hon. J. W. de B. Farris: Honourable senators, I shall be, for me, comparatively brief. I approach this question with some diffidence, as I see the tendency has been developed in my honourable friend, the Leader of the Opposition (Hon. Mr. Haig) to raise technical objections. Because he looks a little worried—

Hon. Mr. Haig: Not a bit.

Hon. Mr. Farris: —may I assure him that I have given full regard to his concern in this matter, and that I shall endeavour not to transgress his ideas of the fitness of expressing an opinion in a discussion of this kind.

Hon. Mr. Haig: I anticipated that.

Hon. Mr. Farris: Bearing in mind the discussion that took place during this debate in the Senate yesterday afternoon, I thought it would be advisable if I were to make it

clear at the outset of my remarks that I intend to deal with the subject-matter of this motion under three headings. First, the consideration of the principle of the motion itself; secondly, the consideration of the selection of senators to serve on the committee; thirdly, consideration of the subject-matters to be included for study by the committee. I feel that under this last heading we are entitled to consider one or more subjects which might well have been added to the three set out in the motion before the house.

Honourable senators, I propose to consider briefly each of the three headings I have listed. The first is as to the principle of the motion. I note that there has been some informal discussion outside of this chamber about the application of Standing Order 65 of the House of Commons rules, which I understand have been usually adopted and followed in this house. That rule provides that if any member challenges the principle of a bill or motion he disqualifies himself from serving as a member of a committee dealing with that bill or motion. I think there is logic in that rule. The principle of the resolution now before us is a simple one. It is simply that the Senate do unite with the House of Commons in the appointment of a joint committee of both houses of parliament to inquire into and report upon certain questions. Shall we have such a committee? That is all there is to it. I certainly think that Standing Order 65 should be applied in the case of any honourable senator who feels that such a joint committee should not be set up. I once had experience in a murder case in which one of the jurymen did not believe in capital punishment. It was a very clear case, but the jury disagreed, one man against eleven. We later learned that the reason for the disagreement was that one man did not believe in capital punishment. He should never have been on that jury.

The question of preconceived ideas about the questions that are to be considered by the joint committee, after it is formed and begins its functions, is rather a different matter. I do not suppose that one could find an intelligent group of men, either in this house or elsewhere, capable of sitting on a committee of this nature who have not some degree of preconceived opinions, particularly about capital punishment. If these preconceived opinions are so determined in a person's mind that he recognizes he is incapable of giving any fair consideration to the problem in question, then he ought to refuse to sit on such a committee. However, short of that, it is my opinion that it is to be expected and desired that the men and women who are to serve on this joint committee are at least intelligent enough and informed enough, either through reading or experience, to have ideas about these questions and yet still be capable of giving fair consideration and respect to the opinions of others as the work of the committee progresses.

It has been suggested in this house that the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) went too far in expressing his opinions during this debate. As I read his remarks in *Hansard*, he gave, in a rather subtle way, the reasons why he held these opinions. Well, I can assure honourable senators, and particularly the honourable Leader of the Opposition (Hon. Mr. Haig), that I have no intention of doing either of these things. He may find out which way I am thinking, but I am certainly not going to give any reason in support thereof. The honourable senator from Toronto-Trinity gave some friendly advice to those of us who are to serve on this committee. He urged—I am quoting from *Hansard* of February 4—

> That we do not commit ourselves too much in advance.

And that we:

> keep an open mind.

That was mighty good advice, and the only criticism I have to make of it is that the honourable senator's advice was better than his example.

Some Hon. Senators: Oh, oh.

Hon. Mr. Farris: I am sorry my colleague is not here, for I would not want to say anything from which he might take offence. The two of us, together with the honourable gentleman from Toronto (Hon. Mr. Hayden), worked closely together on the Special Committee on Banking and Commerce which dealt with the revision of the Criminal Code. During that time I formed a high regard for the ability and faithful attention to work of the honourable senator from Toronto-Trinity. If he were here I would remind him of the Sermon on the Mount: a man ought to cast the beam out of his own eye so as better to see the mote in his brother's eye.

Hon. Mr. Reid: May I interrupt to ask the honourable senator a question?

Hon. Mr. Farris: Yes.

Hon. Mr. Reid: When discussing Standing Order 65 of the House of Commons you referred to only one part—that part which deals with the principle of a bill or other matter.

I wonder if you would mind giving us the whole order, for the way I read it I think it deals with more than the principle.

Hon. Mr. Farris: That may be, but not in the part that I read. I referred to the part that suited my purposes.

The second heading on my list is: "Who are to be the members on this committee?" So that my honourable friend will be satisfied, I will read Senate Rule 83 in its entirety:

> The senators to serve on a Special committee may be nominated by the mover; but, if three senators so demand, they shall be selected as follows: Each senator shall vote openly for one senator to serve as a member of such committee, and those senators for whom the largest number of votes are given shall constitute the committee.

So, we are following strict precedent.

The third heading, the one I wish to discuss at greater length, deals with the three subjects enumerated in this resolution for consideration by the joint committee, namely, (a) capital punishment, (b) corporal punishment, and (c) lotteries. I am just wondering how wise it was to include lotteries. I may be wrong—I am thinking out loud—but the problem of lotteries, it seems to me, is one for the individual conscience to pass upon, rather than a subject for study to be placed in the same category as (a) and (b). However, lotteries have been included, and I do not want to say any more about that problem.

Honourable senators, another subject that is tied right in with these problems is the new Criminal Code Bill as drafted, passed by this house and reintroduced into the House of Commons last November. I refer particularly to sections 365 and 372. What called my attention to this matter was a memorandum prepared by the Trades and Labour Congress of Canada for this year, 1954. Under the heading "Criminal Code", the memorandum says this:

> We assume that parliament will deal further with the revision of the Criminal Code during this session. In this connection we would strongly urge that sections 365 and 372 be approved in their amended form as these were reported to the House of Commons by the special committee during the last session.

And I want to comment on the next paragraph:

> We further recommend that the Criminal Code be amended to allow Government-operated lotteries in Canada.

So, in the minds of this large Canadian labour organization those two subjects were tied closely together. I think they were only tied together in this sense, that each of them involved controversies between the members of the two houses, but particularly controversies in connection with sections 365 and 372. When this house passed the bill, after it had come from our Banking and Commerce Committee, section 365 read as follows:

> "Every one who wilfully breaks a contract knowing or having reasonable cause to believe that the probable consequences of doing so, whether alone or in combination with others, will be
> (a) to endanger human life, . . .

—I will confine myself to that part of the section—

> is guilty of an indictable offence and is liable to imprisonment for five years.

Section 499 of the old Code was similar in language, with a penalty of three months' imprisonment, a surprisingly small penalty where the question of preservation and safety of human life is involved. Section 365, which is substantially the same as the old section, provides for a penalty of five years. When that was before the Banking and Commerce Committee—not before the subcommittee—there was also section 372, relating to mischief, and it is of the same tenor as section 365. Section 365 is applicable to a group of men who go on strike, knowing that the strike is a breach of contract and endangers human life. Section 372 is substantially the same as to mischief. The honourable senator form Toronto-Trinity (Hon. Mr. Roebuck) moved an amendment to section 372, an amendment which was very mild in comparison with the one that was carried in the committee of the House of Commons. I am reading from the proceedings of the Senate's Standing Committee on Banking and Commerce:

> The Chairman: Your suggestion was that you wanted to qualify section 372 by adding the provision that any lawful Act done in furtherance of the purposes of a trade union would not be subject to this section?
> Hon. Mr. Roebuck: That is right.

The rest of the members of the committee were unanimous against the honourable senator's proposed amendment.

Honourable senators, I think this is vital to what we are considering, because I cannot see anything except a straight impasse between the two houses in this connection, and if that is so I think it is unfortunate that this matter was not included for deliberation by the joint committee. I predict that sooner or later some joint committee will have to try to straighten it out. What took place was this: a special committee was appointed in the House of Commons, a large, competent committee, and it had a large number of representatives from labour organizations all over Canada; as a result, this subsection was added. The section says, "Every one who wilfully breaks a contract"—knowing that it will endanger human life—is guilty of an

indictable offence. Of course, if the offender does not wilfully break the contract the section does not apply.

Section 365 (2) says:

> No person wilfully breaks a contract within the meaning of subsection (1) by reason only that
>
> (a) being the employee of an employer, he stops work as a result of the failure of his employer and himself to agree upon any matter relating to his employment or,
>
> (b) being, a member of an organization of employees formed for the purpose of regulating relations between employers and employees, he stops work as a result of the failure of the employer and a bargaining agent acting on behalf of the organization to agree upon any matter relating to the employment of members of the organization,
>
> if, before the stoppage of work occurs, all steps provided by law have been taken through negotiation, collective bargaining, conciliation and arbitration.

That only aggravates the offence. After all those steps have been gone through, the provision then enables an accused person to defend himself against this charge, and he can say: "It is true that we went all through these preliminary negotiations, but in the end we struck, and notwithstanding that we knew that we wilfully broke our contract and knew that human life was endangered, yet under the second subsection it must be deemed not wilful". This section has to do with controversies between employer and employee, and I have never heard of any strike that did not arise over a controversy between employer and employee in relation to employment. Perhaps a sympathetic strike might not be considered as arising in relation to employment, though I rather think it would. Anyway, the great bulk of disputes are in relation to employment, and it is only in relation to employment that strikes occur, and human life is endangered by strikes. The punishment for such offences heretofore has been slight, but at least a man could be prosecuted, and if convicted sent to jail for three months. If this section, as unanimously accepted by the committee of the other house, comes to us and we pass it, it will mean that there will be practically no law in this connection at all.

Now, we heard some reference the other day—we heard it very properly, and we very properly hear further reference in the joint committee—to the sanctity of human life. That is bound to come up. There is the question of the sanctity of human life when we think of an unfortunate person who is murdered; there is the same question when we think of a person who commits murder, even though it is the type of murder we have recently heard about—sex murder—where rape and murder are combined. In view of the necessity of considering the sacredness of human life in situations of that kind which will come before us, it seems to me remarkable that there was no attempt to bring before the committee the sacredness of human life in cases where innocent people are dependent upon the assumption that contracts will be carried out—that in hospitals, for instance, lighting and all the necessary provisions for electricity and other essential services will be supplied. We all know that in innumerable ways strikes might lead to the endangering of human life.

Sooner or later we shall have to face a conflict of opinions on this issue, and I think, honourable senators, that I am not wide of the mark in calling your attention to it at this time.

Some Hon. Senators: Hear, hear.

(Translation:)

Hon. Cyrille Vaillancourt: Honourable senators, not being a member of the committee which will examine more fully three aspects of the Criminal Code revision, I do not wish to venture too far and to be called to order. However, after the masterly pronouncement made by the honourable senator from Vancouver South (Hon. Mr. Farris), I should like to take up some of the remarks made by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). I was struck by some arguments brought up by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), especially the comparisons that he made. Everybody knows that comparisons are sometimes odious, for no two cases are alike; you cannot say: "In such a country there are more murders than in another per unit of the population and that proves that capital punishment is no deterrent to murder". All depends on the education received and on the environment. All depends on the culture and training of all the citizens of the nation. All depends especially on the moral value of the individual, for the moral value far exceeds the material and economic value of a nation. Those who place the love of God and neighbour above the love of money do not commit murders. It is certain that education is one of the first things to develop in a nation. But man, since Adam's downfall, has had many faults and, unfortunately, he is sometimes prone to evil. When pride prevails, evil is sometimes stronger than good. But for us, Christians, we believe in the hereafter. For my part, I believe also in hell. Christ in his teachings laid emphasis on reward and punishment. He said in substance: "If the love of God does not keep you in the right and narrow path there will eventually be a place to accommodate

incorrigibles". Christ was quite an alert psychologist. If he had wanted merely to punish them for some time, he would not have spoken thus.

Considerations of humanity are invoked to save from capital punishment those who kill. However, why should we not also feel sorry for the one who was killed and his relatives? But the point has been reached when more compassion is shown for the one who kills than the one who was killed. Some may say: "Suppose there is a mistake", or "Perhaps the murderer acted in anger", or again: "Perhaps there are extenuating circumstances". In all such cases clemency may be exercised. I know that every case is carefully examined and if there are extenuating circumstances the death penalty may be commuted to life imprisonment. But a man sentenced to a life term is generally freed after fifteen years or so. Then he returns to civil life. If the death penalty is completely abolished by law, nobody will ever be hanged, and after a time a great number of murderers will be set free to start anew their life of crime, each saying to himself: "I have a good chance of not being caught, but if I am I shall only spend another fifteen years in the penitentiary. Nowadays penitentiaries are fairly comfortable boarding houses: there, one is fed, housed in heated quarters and freed from worries. After all, murder is a good way to get rid of somebody one dislikes".

Several countries and many American states where the death penalty was abolished were mentioned. Nevertheless, our colleague stated that the number of murders in the United States is about five times greater than in Canada. Then the names of thirteen states were given, where capital punishment has been abolished. This is not very forceful evidence in favour of such abolition. It would be interesting to know, for instance, how many countries have abolished capital punishment to be forced to re-impose it later on. If I am not mistaken, this has happened in England. Other countries had the same experience and I would like the committee to investigate this aspect of the question, in order to find out whether—taking population into consideration—crime has decreased where the death penalty was abolished, or whether it has increased.

I shall refrain from committing myself on this subject, inasmuch as a committee is to study it thoroughly. I wished only to point out that it is always a difficult thing to establish a comparison, because peoples are different, each country having its own culture and its own ideals. Some seek mainly pleasure, physical, material or sensual enjoyment, while others place above everything else their moral and spiritual welfare, and this makes the greatest difference in the world. I trust that the members of this committee will approach this problem without preconceived ideas, in the manner of jurymen who render their verdict on the evidence adduced.

I conclude with this remark by Alphonse Karr, which was quoted by Georges Clemenceau: "Let us abolish the death penalty, but let murderers be the first to do so".

(Text:)

The motion of Hon. Mr. Macdonald was agreed to.

DIVORCE PETITIONS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 247 to 266, dealing with petitions for divorce.

Hon. Mr. Farris moved that the reports be concurred in.

The motion was agreed to, on division.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Farris, acting Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill X-8, an Act for the relief of Henriette Duffy Cote.

Bill Y-8, an Act for the relief of Jaroslav Jandera.

Bill Z-8, an Act for the relief of Robert Alfred Denman Stencel.

Bill A-9, an Act for the relief of Madeleine Forcier Midock.

Bill B-9, an Act for the relief of Annie Bray Hodgson.

Bill C-9, an Act for the relief of Joseph Kovecses.

Bill D-9, an Act for the relief of Winifred Margery Taken Dillen.

Bill E-9, an Act for the relief of Hilda Foster Mills Henderson.

Bill F-9, an Act for the relief of Evelyn Beatrice Diggon Ferguson.

Bill G-9, an Act for the relief of Hellon May Dreany English.

Bill H-9, an Act for the relief of Ione Larson Morris.

Bill I-9, an Act for the relief of Marie Laurette Carmen Gamache Desmarais.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Farris: With leave of the house, I move the third readings now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Farris, for the Chairman of the Standing Committee on Divorce, presented the following bills:

Bill J-9, an Act for the relief of Dorothy Agnes Louise Grant Walker.

Bill K-9, an Act for the relief of Evelyn Maud Nash Wyse.

Bill L-9, an Act for the relief of Anita Felton Corbeil.

Bill M-9, an Act for the relief of Sonia Lippman Cohen.

Bill N-9, an Act for the relief of Margaret Stuart Peniston Rex.

Bill O-9, an Act for the relief of Phyllis Adair Barker Smith.

Bill P-9, an Act for the relief of Elizabeth Louise Emmett Lightbody.

Bill Q-9, an Act for the relief of Madeleine Victoria Coussement Rolland.

Bill R-9, an Act for the relief of Julia Frances Finn Radcliffe.

Bill S-9, an Act for the relief of Eileen Theresa Burgess Cowan.

Bill T-9, an Act for the relief of Christina Emmanuel Papadakis Banks.

Bill U-9, an Act for the relief of Grace Connolly Houde.

Bill V-9, an Act for the relief of Marion Elizabeth Davis Esson.

Bill W-9, an Act for the relief of Morris Goldsmith.

Bill X-9, an Act for the relief of Edith Marie Treleaven Younkie.

Bill Y-9, an Act for the relief of Irene Dorothy Haselden Munn.

Bill Z-9, an Act for the relief of Margaret Hosie Black Kirk.

Bill A-10, an Act for the relief of Irene Bertha Kirkpatrick Faubert dit Masson.

Bill B-10, an Act for the relief of Marie Charlotte Yvonne Gisele Giguere Larocque.

Bill C-10, an Act for the relief of Albert Pigeon.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Farris: With leave, next sitting.

PRIVATE BILL

NIAGARA GAS TRANSMISSION LIMITED—FIRST READING

Hon. Mr. Connolly presented Bill D-10, an Act to authorize Niagara Gas Transmission Limited to construct, own and operate an extra-provincial pipe line.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Connolly: Tuesday next.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 11, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

TRANS-CANADA AIR LINES FILM

INQUIRY AND ANSWER

Hon. Mr. Reid inquired of the government:

1. Has Trans-Canada Air Lines completed, or is in the process of completing a film?
2. If so, were any steps taken by them to have such a film made by the National Film Board?
3. If the National Film Board was so requested, what reason can be given for the National Film Board not making the film?
4. What is the total cost, so far, in the making of this film?
   (a) Under what title is the film being produced?
   (b) For what purpose is such a film being made?
5. Were any personnel, engaged for the making of such a film, United States citizens? If so, what were their names and what remuneration did they receive?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

1. In September 1953 there was completed for Trans-Canada Air Lines a public relations film which was the most recent release of a series of nine 16 mm. films produced over the last seven years.

2. No steps were taken to have the most recent film produced by the National Film Board, but that organization did produce two of the company's previously released films, namely "Wings Over Canada" and "A New Map for Canada". The National Film Board did make the master print from the negative of the most recently released film.

3. Not applicable—see answer to 2 above.

4. The total cost of the complete film was $24,000.

(a) "No Barriers".

(b) The purpose of the film is to stimulate interest in air travel in Canada, and in Canadian aviation generally, by a graphic representation of current commercial air activities, including those of airlines other than Trans-Canada Air Lines.

5. The film was produced by the firm of Lew Parry Film Productions of Vancouver, and the citizenship status and remuneration of their employees is not known to T.C.A.

SENATE CHAMBER

ATMOSPHERIC CONDITIONS

On the Orders of the Day:

Hon. Mr. Haig: Honourable senators, before the Orders of the Day are proceeded with, I wish to make a complaint, one which I have often made before. In this chamber there is an awful draft. There should be enough engineers in the service of the government to do something about this draft, which is felt quite strongly by those of us who sit on the Opposition side of the chamber. The day before yesterday I went to the Gentleman Usher of the Black Rod and told him about the matter, and he kindly had the fan turned off. For a little while then the draft disappeared, but today it is coming through just as strongly as before. I think we are entitled to ask you, Mr. Speaker, to direct that the engineers of this building do something to overcome this condition. It may be the result of a faulty ventilation system, but I don't know why the Opposition members have to be the victims of it. There are not so many of us that anybody needs to pick on us in this way. Probably somebody else could be ventilated, but we would prefer some chance to survive. We have been told that we are not likely to last much longer than this parliament, but I am sure that if this draft continues there will not be much of the Opposition left after another year or two. My honourable friend from Bedford-Halifax (Hon. Mr. Quinn) has been laid up with a serious cold, which he caught right here. He is here today, although I warned him yesterday not to come if he was not fully recovered, because he would run the risk of getting an even worse cold by coming. I also have had a cold lately, and it is much more severe today than it was yesterday or the day before. I know I am a young fellow, but I cannot stand this draft.

Hon. Mr. Farris: Could we switch it from cold to hot air?

Hon. Mr. Haig: No, but I would like to have it blow over on the Government side for a little while. I think the engineers should direct it towards that side for at least half the time, and then we over here might be able to stand our share of it. But, with all due respect, Mr. Speaker, I would ask you to see that arrangements are made to have this draft stopped.

The Hon. the Speaker: I find it difficult to believe that the draft falls upon the Opposition by anything more than coincidence. I

am sure it is not done by design. Nevertheless, I undertake to draw the honourable gentleman's remarks to the attention of the Chairman of the Internal Economy Committee, which has charge over matters of this kind.

Hon. Mr. Macdonald: Honourable senators, I think I should say to the house that on two days last week honourable members complained to me that it was far too hot in the chamber, that the ventilation system did not bring in sufficient cold air. I do not know how the Department of Public Works can please us all. At any rate, I thought I should point out that some honourable members think it is too hot in this chamber.

Hon. Mr. Haig: They do not sit over where we do, though, and this is where the draft is felt.

Hon. Mr. Farris: Where does it come from?

Hon. Mr. Quinn: We get the hot air from the other side.

SENATE AND HOUSE OF COMMONS BILL

THIRD READING

Hon. Mr. Macdonald moved the third reading of Bill 171, an Act to amend the Senate and House of Commons Act.

The motion was agreed to, and the bill was read the third time, and passed.

POST OFFICE BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. W. Ross Macdonald moved the second reading of Bill 168, an Act to amend the Post Office Act.

He said: Honourable senators, the purpose of this bill is to increase the postage rate on first-class mail. Perhaps I should first mention the proposed increases.

The postage on letters to be delivered within one postal area will be increased from 3 to 4 cents for the first ounce or fraction of an ounce, and from 1 to 2 cents for each additional ounce or fraction thereof. On letters posted in one area for delivery in another area, the proposed increase is from 4 to 5 cents for the first ounce or fraction thereof, and from 2 to 3 cents for each additional ounce or fraction of an ounce. Printed postcards, as third-class mail, will remain at 2 cents; but personal postcards, as first-class mail, will be increased to 4 cents.

This bill does not affect the parcel post rates.

The proposed changes affecting overseas mail service are as follows: To the British Commonwealth, the Western Hemisphere and France the present domestic rate as adjusted shall apply; to other countries the rate will be increased from 5 cents for the first ounce and 3 cents for each additional ounce to 6 and 4 cents respectively.

Hon. Mr. Davies: Is that for air mail?

Hon. Mr. Macdonald: No, that is for surface mail. In respect of air mail there is no increase.

Honourable senators are no doubt interested in knowing why these increases appear necessary. Some reasons for the adjustment are: an increase in civil service salaries, effective last December 1; an increase to revenue postmasters; an increase in the rate of pay to rural mail carriers and contractors; the institution of a five-day forty-hour week, which goes into effect on April 1 and will, of course, necessitate a considerable increase in staff; and loss of revenue following the abolition of stamps on cheques.

I have mentioned the most important items, and will now break them down a little. Additions to staff to provide for a five-day forty-hour week will cost about $5 million; salary increases as of December 1 to postal employees and revenue postmasters will require some $7 million; the upward adjustment of rates of pay for rural carriers and contractors will involve about one and a half million dollars; a total of $13,500,000. Last year, post office operations yielded a surplus of $6,500,000. This year, lessened revenue through the removal of stamps on cheques is estimated to be $7,500,000. The anticipated deficit on these counts will amount to $14,500,000. The expected revenue from the proposed new rate is $15,000,000, which, less the extra expenditures and assumed deficits, namely $14,500,000, will result in a surplus of $500,000.

Honourable members may be interested to know how the estimate of $15 million additional revenue is arrived at. The number of pieces of first-class mail now carried amounts to approximately 1,500 million. The addition of one cent per piece will provide an additional $15,000,000, which, added to $750,000 derived from items whereon there is an excess in the initial rate, provides a revenue of $15,750,000. Deduct from this sum the air-mail items on which a surcharge is paid, amounting to $400,000, and there remains $14,850,000; that is, somewhat less than $15 million.

To offset the added charge, some advantage accrues to the public in that first-class letters and post-cards will be carried for five cents each by air mail to whatever points can be reached more rapidly by this means. Honourable senators realize that, for mail addressed

to nearby points, nothing will be gained by transporting it to an airport and carrying it from there to its destination by air. In these cases surface transportation will continue. But where mail delivery can be accelerated through carriage by air it will proceed, as I have said, in this way, and at the rate of five cents instead of at the former rate of seven cents. The local rate will apply to mail posted or delivered on a rural mail route when transported within a single postal district. That is to say, if a rural mail delivery emanates from a certain city and a letter is mailed in that city to be delivered along that rural mail route, it will be carried at the city rate. Formerly, of course, it was carried at the increased rate.

Honourable senators will be interested to know of some increased services that have been given to the public during the last ten years. During that period the number of cities having door-to-door deliveries have increased from 89 to 127, and the number of houses served by letter carriers has increased by 750,000. Patrons served along rural routes have increased from 290,000 to 410,000. In other words, in that period individual service has been given to 870,000 additional homes.

Hon. Mr. Haig: That represents a lot of mail.

Hon. Mr. Macdonald: As the Leader of the Opposition (Hon. Mr. Haig) says, that is a lot of mail. Postal service costs have gone up tremendously. Salaries of basic employees are up approximately 100 per cent, but I do not think anyone here is unfavourable to these salary increases. The cost of rail transportation of mail is up 100 per cent, of mail carriage over water is up 300 per cent, and of land mail service is up more than 150 per cent.

Hon. Mr. Euler: May I ask the honourable senator a question? He has mentioned increased services to the public during the last ten years. I would point out that Canadian cities and towns are getting only one delivery a day now, whereas they used to get two. In view of the proposed increase in rates is there any prospect of our cities and towns getting delivery twice a day?

Hon. Mr. Macdonald: Twice-a-day delivery can be restored, of course, but the public would have to expect further increased costs. The bill before the house does not contemplate twice-a-day delivery being put back into effect. This service may be restored some time in the future, but the figures I have given are based on one mail delivery a day.

Hon. Mr. Farris: I am not quite clear as to something the honourable leader said. That is my fault, not his. Do I understand that part of the revenue from the proposed increased rates is intended to make up a deficit or loss resulting from the elimination of stamps on bank cheques?

Hon. Mr. Haig: That is what the honourable leader said.

Hon. Mr. Macdonald: The removal of stamps on cheques has resulted in a loss of $1 million, and that amount has to be accounted for. I know it is difficult to follow an explanation when so many figures are mentioned, but I have pointed out that last year the Post Office Department had a surplus of $6,500,000, and that the removal of stamps on cheques resulted in a loss of $7,500,000, which makes a net loss of $1 million. That amount has to be provided for and is included in the extra expense.

Hon. Mr. Farris: Would my honourable friend give us those figures again?

Hon. Mr. Macdonald: The Post Office Department had a surplus of $6,500,000. When excise stamps on cheques were no longer required, the loss in revenue was $7,500,000.

Hon. Mr. Euler: How can that be determined? Many of the cheques bore postage stamps and not excise stamps.

Hon. Mr. Macdonald: I believe more postage stamps than excise stamps were affixed to cheques, but I cannot say how many more. If the bill is referred to committee, that information can probably be obtained there.

Hon. Mr. Haig: I understand that last year the Post Office Department lost $7 million because excise stamps were not required on cheques. I should like to know how that amount is arrived at, because in my experience nearly all businesses used excise stamps on cheques. People who drew only a few cheques a year probably used postage stamps. Is that loss computed on the reduced sale of postage stamps resulting from abolition of the tax on cheques?

Hon. Mr. Euler: That cannot be determined.

Hon. Mr. Haig: To arrive at an estimate the two kinds of stamps would have to be considered together; you could not separate them.

Hon. Mr. Macdonald: There seems to be a difference of opinion. As the Leader of the Opposition (Hon. Mr. Haig) was speaking some senators near me said "That is not correct". I do not think honourable members would expect me to have detailed information as to how removal of the cheque tax affected the sale of postage stamps and of excise stamps. As I have said, that information can be obtained if the bill goes to committee, and I recommend that it

should. We all know that the increased costs I have mentioned will result in an overall increase in the costs of the Post Office Department. Now, how is the money to be raised? One honourable senator says, "Put the tax back on cheques". Another says, "Oh, no, don't put it on cheques". This bill proposes to meet the increased cost by raising postal rates. Another way to meet the increased cost would be to take the amount out of the general revenue. It would then be a hidden tax. Personally, I do not believe in that method. If money is being expended to perform a service, I think the people should know it and should pay for the service that is being performed for them.

Hon. Mr. Euler: I do not like to interrupt the leader, but he has referred only to the tax on first-class mail—letters and so on. I have not the bill before me, but I should like to know if anything is being done about second-class mail—periodicals, newspapers, and other matter.

Hon. Mr. Macdonald: The bill as drawn now does not apply to second-class mail, but to first-class mail only.

Hon. Mr. Euler: Second-class mail might be a good source from which to derive more revenue.

Hon. Mr. Macdonald: My point is that more money will have to be raised. How are we going to do it? Are we going to take money from the people in such a way that they do not know they are paying for the service they get? Or are we going to let them know they are paying for it? Should all the people pay for this increased cost, whether they use the mails or not? Or is it fairer that those who use the mails most should pay more? What about the person who does not write many letters? Many people, perhaps, write only one letter a week, the postage on which costs them 51 cents a year. A person who writes one letter every day would spend $3.65 a year for mailing. The purpose of this bill is to insure that the cost of carrying the mail will be borne by those who use the service, and to let the public know what the actual cost is.

Honourable senators, I recommend the bill.

Hon. Mr. Kinley: May I ask the honourable leader a question? I think he said the cost of air mail would be reduced from 7 cents to 5 cents. For the purpose of avoiding confusion, will the department issue a 5-cent air mail stamp that will be a directive as to whether a letter should go by air mail or not?

Hon. Mr. Macdonald: That is another question that could be asked in committee, because I have not that information. But I can say this, that whether or not they issue such a stamp, a letter bearing a 5 cent stamp will be carried by air if it can be delivered more quickly than by land or sea.

Hon. Mr. Kinley: That is being done now.

Hon. Mr. Macdonald: But at the present time the air mail rate is 7 cents.

Hon. Mrs. Wilson: I appreciate what the honourable senator from Queen's-Lunenburg (Hon. Mr. Kinley) has said. I wish there were a directive because at present mail is often held up while awaiting a plane. There is no advantage in sending letters by air mail if they lie around in a post office for 24 hours. Why send mail by air on Saturday morning if it could be sent by train and still delivered on Monday morning?

Hon. Mr. Macdonald: If this proposed bill becomes law, first-class mail will be carried by air, provided that is the quicker way for it to reach its destination. I assume that the honourable senator from Rockliffe (Hon. Mrs. Wilson) is thinking of delays occasioned while mail is being held for delivery to a plane.

Hon. Mrs. Wilson: In many cases, first-class mail sent by air between Ottawa or Montreal and St. Andrews, New Brunswick, for instance, is received a day later than second-class mail, which goes by train. Recently, I asked the Deputy Postmaster General whether delivery of letters would be expedited if I marked them "via C.P.R.", but he advised me not to do this, because postal clerks would not have time to sort mail marked in that way, so no advantage would be gained.

Hon. Mr. Macdonald: More information on that point could be obtained in the committee.

The honourable senator from Rougemont (Hon. Mr. Beauregard) has just reminded me that at the present time if an air-mail stamp is affixed to a letter, that letter must be sent by air mail. That is my understanding.

Some Hon. Senators: Right.

Hon. Mr. Macdonald: That condition will not prevail when this bill is brought into effect.

Hon. John T. Haig: Honourable senators, I do not intend to take up very much of your time on a discussion of this bill. This bill is not a very long one and there are therefore not very many issues involved. Indeed, there is only one issue, and it boils down to this:

the postal rate is being increased by one cent an ounce on first-class mail. That is the issue.

I admit that there is a lot to be said for the honourable leader's point that when people are using a service they should know what it is going to cost them. If that were government policy throughout all the departments I would be wholeheartedly for it. But, as honourable senators know, we have a sales tax that the consumer knows nothing about. Nobody knows where it is imposed and nobody knows where the revenue from it goes to. There are a number of taxes of that kind.

Now, honourable senators, I am going to tell you what I do not like about this increase in the postal rates. The humble, ordinary people of this country, many of them separated by great distances—in some cases by the whole width of the country—carry on a family correspondence down through the years. Correspondence of that nature makes for a feeling of unity between one part of Canada and the other. Let me illustrate. A mother, say of the age of sixty, lives in Winnipeg. She has a married daughter in Toronto, another in Montreal and another in Saskatoon; a son married in Vancouver and another in Edmonton. Now, what chiefly maintains the unity of that family is the correspondence between the children and their mother. The old-home influence is kept alive by the fact that the mother writes once a week to each one of her children. There is no better way on earth by which you can preserve a flourishing family spirit in our country than by correspondence. It enables mothers and fathers to keep in touch with their children—though fathers, as a rule, do not write so frequently as mothers do. I speak from personal experience. As long as my mother lived, no matter where the different members of our family were living—and there were nine of us—a letter would come to each of us on Monday, Tuesday or Wednesday morning. The letter brought me right back home, and I found myself sitting, as it were, listening to mother. It had a similar effect on all members of our family. And in my own family we had the same experience: my wife wrote every week to every one of our children, who were scattered throughout the dominion, and in that way the home influence was maintained.

Now, if the people can afford these increased postal rates, well and good. I say, however, that a great many people cannot afford them, because they are already having a hard struggle to get by, especially those who have reached the age of sixty and over. This increase in postal rates is a burden that will fall upon those who can least afford to pay it.

I never did like the stamp tax on cheques, notes, bills of exchange and the like. My own firm, like a good many others, bought excise stamps, but when we ran out of them for a day or two we used to purchase three-cent postal stamps and affix them to cheques and other documents. That was a nuisance tax, I will admit, but there was a service that we got through doing that.

The increase in postal rates will not make much difference to big business, because it will be added to the cost of doing business. Take a lawyer, for example. In his fees he includes all the costs entering into his business activities—he must or he would not be able to continue in practice. Consider, too, a mercantile house sending out accounts. Does anyone think that the cost of the extra postal rates will not be added to their cost of doing business? The Hudson's Bay Company, Simpson's and Eaton's, for example, certainly will add the increased postal rates to their already existing costs.

But what about the people who are receiving a pension of $40 or $65 a month? There are lots of them in this country, let me tell you, lots of them. I met a locomotive engineer some months ago, when I was going home from the session, I met a pensioned locomotive engineer, and he told me that in his opinion, something was wrong in this country. He said that his pension from the Canadian Pacific Railway is $65 a month, and he compared that with the salary that his son is drawing now for the same kind of job, $400 a month. His pension, of course, was based on the lower pay scale that prevailed when he was working. That man's wife is living, and does anyone mean to tell me that increased postal rates will not be a tax on them? That is the feature I do not like about this.

I say quite candidly that at some place we have got to draw the line and say to the government of this country, "You have got to stop spending so much; you must cut down expenses." This proposed increase is an illustration of the attitude that is being adopted by every department of the public service, not only in the dominion jurisdiction but in every province and in every municipality. The minute that costs are increased, public bodies start to pass the increase on to the taxpayer.

I like what the Minister of Trade and Commerce said yesterday, and I wish we had a few more men like him in this country to tell us about these kinds of things. The people

of Canada have to be told that if they make demands for increased services, and if employees continue to ask for increased wages and salaries, if they want the five-day week—which the Post Office employees are demanding, and maybe they are entitled to it—then the increased costs of these things will have to be met by the people. In my part of the country the five-day week is not of much value to those who have it, except for three or four months in the summer time. On holidays during the rest of the year all that one can do is sit in the house.

I reiterate that I am opposed to an increase in postal charges. I think it is wrong in principle, because the ordinary person whom this affects should not have to pay the higher costs. In my opinion the government is going about the matter in the wrong way. If the postal service is running behind in its receipts and more money has to be raised, it had better be raised from the people who are capable of paying for the increased costs.

Hon. Mr. Macdonald: That is what will be done under this bill.

Hon. Mr. Haig: Oh, no.

Hon. Mr. Macdonald: Yes; the users of the mails pay for the service.

Hon. Mr. Haig: I know that. But the only way to correct a condition of this kind is by getting the necessary increased revenue from the people who have the income to pay for the costs of the service. The situation would then be brought home to them, and they would ultimately say to the government: "This expense is too high, and that expense is too high, and must be reduced." Make no mistake about it, that is what will finally have to happen. Anybody who studies trade reports will find out that we are not able to sell all of our products in the imperial market this year. Trade has fallen off. We are in the red on our foreign trade. The price of money has gone up in Canada because of the large flow of investment money into this country.

Honourable senators, I am against having a nuisance tax such as this imposed on the ordinary people, who can least afford it. I say they simply cannot afford it. If the bill goes to committee we shall want a lot of questions answered, and I certainly will oppose the legislation from first to last.

Hon. Thomas Reid: Honourable senators, at this stage of the legislation, I would like to make certain remarks. I will not deal with the more controversial aspects of the bill until it is being considered in committee, but there are certain points about this proposal that were not brought out during the long debate in the other place. At the outset I want to say that I have a very high opinion of the operation of the Post Office Department. In fact, I will go so far as to say that if every other department of the government were run as efficiently as the Post Office Department, our taxes could be reduced. That is my opinion, formed after long years of experience.

I listened carefully to the honourable leader's explanation, and I quite realize that the money has to come from somewhere. The granting of salary increases, the forty-hour week, and the benefits to rural carriers are things which no one would object to in this day of high costs of living. But I propose to give my opinion, as to the source from which I think the money should come.

I know a little bit about the air mail service in Canada, because I was chosen as the government representative to go on the flight from Ottawa to the Pacific coast carrying the first cargo of mail at the first-class rate. I say without fear of contradiction that there was no popular demand for air mail service. On the contrary, the service was introduced to increase the revenues of Trans-Canada Air Lines. A little later the air lines appealed to the Post Office Department for more money to continue this service.

It was then decided between the postal officials and T.C.A. that if costs increased to $5 million or $6 million, space would have to be allocated in the planes to take a certain quantity of mail—as the officials say, six-million ton miles. From that time until the present a letter carrying the regular first-class postage has been given air transport to any point in Canada where there is an airport. But mail is taken only if there is space in the aircraft. However, first-class mail that carries a seven-cent air mail stamp and a sticker is given priority and assured of air transport.

The honourable leader (Hon. Mr. Macdonald) in his explanation pointed out that the post office carried 1,500 million pieces of mail. Let us consider how that mail is classified, what is taken by air and what by train, and how it is distributed. I would point out to honourable senators the rather surprising figure supplied by the postal department, that only 25 per cent of our first class mail is carried by air. From last years' figures given by the leader, it appears that 375 million pieces of first-class mail went by air, while 1,125 million were carried by surface delivery.

Hon. Mr. Macdonald: That would be short-carriage mail.

Hon. Mr. Reid: Now, the greatest volume of mail is not distributed by air to far-off points, but within cities. Had we a map of

Canada before us I could readily demonstrate that a west-bound plane leaving Toronto does not stop short of Winnipeg, and that the people between those two cities get no air mail service. The plane flies on to Saskatoon, Calgary and thence to the west coast, but the points between these major centres do not have air mail service. A great many people are being asked to pay for air mail service which they will not use. I firmly believe that those who stand to benefit from it should pay for it.

It is worthy of note that discontinuance of the use of excise stamps on cheques, which has resulted in considerable loss of revenue, was not brought about by public demand. We had all become used to the excise stamp, and no one was clamouring for its discontinuance; indeed, a great proportion of the people of the country were not fortunate enough to have occasion to issue cheques requiring stamps. Be that as it may, I shall come back to the question of where I think the loss should be made up.

Honourable senators, I am surprised that the newspapers in this country have kept silent about the heavy losses by the post office for the carriage of second-class mail. During the past year the post office has shown a dead loss of $15 million on second-class mail, which includes newspapers, magazines and periodicals. Who should pay that loss? Should it be borne by the people who get no benefit from air mail service? Let us not forget that 75 per cent of the mail in this country does not travel by air. During the debate in the other house, and in the Senate today, emphasis has been put upon the fact that what the people are going to get for this increased postage is air mail service.

We are still spending a good deal of money for the carriage of mail in the old-fashioned way, but the volume is being reduced. It may interest honourable senators to know that Canada pays the two railways $15 million a year to carry mail; and as we all know, regardless of the quantity of mail carried, each train must have its railway postal car and a crew to run it. I repeat that, in spite of the lesser amount of mail that is being carried by air today, we are still paying the railways $15 million a year; and we have not saved one five-cent piece by air carriage.

Honourable senators, it is time this country faced the facts. I am not going into the question of taxation, but with the decreased cost of defence the time will surely come when some other large expenditures also will have to be reduced.

I am making these remarks today in the hope that when this measure is considered in committee these questions may again be brought up and the information be forthcoming.

I understand there is a type of second-class mail, a type of publication, which, if published in a city or town of not more than 10,000 population, is carried by mail free within a distance of forty miles. That to me is a surprising arrangement. However, if we take the attitude that second-class mail—in which category come periodicals, magazines and newspapers—is the type of service from which most people benefit, let us face the matter of cost distribution fairly; otherwise, let us not load the bulk of the cost for air mail service on people who are not going to use it.

I do not think I need weary honourable senators by quoting percentages of profit and loss. But it is rather interesting to note that the rate on first-class mail—and the one operation on which a profit was made last year, is to be increased, but the rate pertaining to the branch which made a heavy loss is to remain as it is. The cost per unit of carrying first-class mail last year was 29 cents, and the revenue received was 46 cents. But in the case of second-class mail, whereas the revenue was 5 cents, cost of distribution amounted to 18½ cents.

Hon. Mr. Burchill: What unit is the honourable senator using? Is he referring to the rate per mile?

Hon. Mr. Reid: We shall get more particulars in committee, but from what I have been told, and have read, it seems that the postal people took the figures relating to first-class mail, examined them carefully and, after research, came to some conclusions as to what it costs to handle all classes of mail and what is produced by way of revenue from the sale of stamps. On this basis they arrived at a figure, for handling, of some 29 cents. In making their calculations they segregated the returns on first-class mail from those relating to second-class. But the impression one gets from reading these figures is rather startling, especially in view of the fact that the people of Canada did not demand air mail service, and that at least three-fourths of them are not getting it, because they live some distance from the airports. Also the greater portion of the revenue from the mail comes from what is delivered within the larger cities—Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax. So I think we should take a second look, and a serious second look, before the bill is passed. But I take my stand on behalf of a great number of citizens in claiming that we should place things in their proper perspective and look carefully over the situation. Let those who benefit, pay.

It has been suggested that government departments should buy stamps, and that franking ought to be done away with. At the moment I am not going to discuss this matter, nor some other aspects of expenditure which have been mentioned, such as the public buildings which have been and are being supplied by the Department of Public Works for post offices. But I cannot help thinking, as I see the stuff that comes to my desk, that a very great deal could be done to reduce outlays both on paper and on mailing. The time has come to put the post office on a proper business basis and to let us and the people of the country know where are the losses, and where the profits. I agree with the leader's views, though I arrive at my decision in a different way, that those who get the benefits should pay for them. But that result will not be reached merely by raising the charge to 5 cents per letter at the beginning of May. I rise to protest and to place my views on the record in the hope that when the bill is sent to committee we shall get more detailed information. I am reserving my final stand until the bill comes before us for third reading.

Hon. W. Rupert Davies: Honourable senators, I have a few remarks to make about this bill, and I shall endeavour to be as brief as possible.

In the first place, I think that this increase of postal rates might have been obviated if the government in its wisdom had seen fit to retain the stamp on cheques and the radio licence fee. There was no great demand for the removal of either the stamp or the fee; and I believe, that, if they had not been abolished, we should not have been faced with the figures which are now before us. However, I am not objecting seriously to the increased rates.

I have great sympathy with the views expressed by the honourable Leader of the Opposition (Hon. Mr. Haig) and the honourable senator from New Westminster (Hon. Mr. Reid) to the effect that the increased charge will fall upon many people who will find the extra cent rather burdensome. But what I object to more than anything else is that the 4-cent stamp now required, and the 5-cent stamp which will be necessary if this bill passes, as it undoubtedly will, are not of equal value to everyone. The 4-cent stamp, for instance, has a greater value to people who are getting two or three deliveries a day than to those who, living in residential sections of the larger cities, have only one delivery a day.

Furthermore, when we speak of sending by air practically all our mail which can be more expeditiously carried that way, we must remember that from one end of Canada to the other there are very few postal airports. If for business purposes I want to send a letter to Winnipeg, that letter must still go to Toronto by surface mail, and then be conveyed to the airport and carried by air mail to its destination. But if a letter is posted to Winnipeg by a business man in Toronto it is flown direct to Winnipeg, and probably will get there twenty-four hours sooner than my letter, posted in Kingston, 170 miles away.

I hope that before long the two deliveries a day will be restored. I agree with the honourable leader (Hon. Mr. Macdonald) that this would be expensive, but I think the people are entitled to it. I cannot agree that it is more important that businesses in the centre of a large city—Toronto, for instance —should have three deliveries a day than that the people in residential sections should have more than one. What happens to letters from Kingston? The train which leaves that city at half-past six carries a certain amount of mail. Most business houses have their mail in the post office before 5 o'clock, and it is supposed to go, and I believe it does go, on the 6.30 train. But quite a number of business men in Kingston do not get their letters written in time to catch that train; they write them after supper. Many times I have gone to the post office at 10 o'clock in the evening and met other business men posting letters to Toronto, or Montreal. What happens to these letters?

I agree that the post office is run efficiently. I make no complaint on that score: it is the system that I object to. On trains running through Montreal and Toronto there are mail clerks, and as the mail comes on at Montreal, Kingston, Belleville and Oshawa, they sort it, so that it is ready for distribution, and if the train gets in on time the mail goes straight to the postman or into the little green boxes. But if the train should be half an hour late, that cannot be done, with the result that people outside the business section of Toronto do not receive their mail for another twenty-four hours, as there is only one delivery per day in the residential sections. So, for instance, if a letter is posted at Kingston on Wednesday night, and the mail arrives in Toronto half an hour late, it is not delivered in the residential section of Toronto before Friday morning. It seems to me that that is far too long a time to transport and deliver letters over a distance of only 170 miles. I hope the day will soon come when smaller cities such as Kingston will enjoy the benefits of airmail service. There is an airport in Kingston, but there is no airmail service, and the absence of this service often causes considerable delay in postal deliveries.

The honourable gentleman from New Westminster (Hon. Mr. Reid) spoke about second-class mail, making special reference to newspapers. I am afraid that he has been ill-informed. Many people have the idea that newspapers are subsidized by the government, but this impression is entirely false as far as daily newspapers are concerned. In point of fact, it is the newspaper subscriber, the reader, who is subsidized. It costs a certain amount to produce a newspaper and an additional amount to deliver it. City delivery boys—little merchants, we call them —buy newspapers and deliver them at so much per week to subscribers living within an area of perhaps three or four blocks. When newspapers are delivered by mail, the postal costs are added to the subscription rate.

The Post Office Department once charged daily newspaper publishers a bulk rate of ¾ cents a pound. When Mr. R. B. Bennett come into power he thought this rate was too low—and I think perhaps he was right—and increased it to 1½ cents a pound. This, of course, increased subscription rates for persons getting their newspaper by mail. Subsequent to the raising of this rate by Mr. Bennett a new Post Office Department regulation was put into effect whereby a newspaper had to pay a higher rate if advertising material occupied more than 50 per cent of its space. That regulation was altered on June 30, 1951, when the rates were put on a more business-like basis. Since that time newspaper postal rates have been on a straight commercial basis, as it were.

This is how the postal charges are arrived at. The daily newspapers notify the local post office authorities each day how many papers they are sending by mail, and report the percentage of advertising content and news content in the paper. The present rate is 2½ cents per pound on news and 4 cents for each pound of advertising material. Let me give the house an illustration. On Thursday, February 4, the Kingston *Whig Standard* devoted 56 per cent of its space to advertising and only 44 per cent to news, but on Monday, February 8—Mondays are not big days for daily newspapers—the same paper published a sixteen-page edition, devoting only 38 per cent of its space to advertising, and 62 per cent to news. On both these occasions, of course, we paid the postal rate of 2½ cents per pound on news and 4 cents for each pound of advertising material.

The honourable gentleman from New Westminster (Hon. Mr. Reid) also said something about a certain class of publications, second-class mail, being carried free within a forty-mile zone. Well, as far as I can remember there never was any such thing as a forty-mile free zone as far as daily newspapers are concerned. I will admit, however, that weekly newspapers have enjoyed free delivery within a zone of twenty miles of where they are published. Canadian newspapers have been printing a great deal of correspondence about this proposed increase in postal rates, and reference has been made to the unfairness of the twenty-mile zone. I have not got one dollar invested in weekly newspapers, but I would be sorry indeed to see privilege taken away from them. We must remember that if the weekly newspapers have to pay postage within the twenty-mile limit the cost will eventually come out of the pocket of the subscriber. I think those of us who have lived in small towns are familiar with the way mail is handled in the local post offices. The weekly newspapers are sorted out by the post office clerk and placed in mail boxes, to be picked up by the subscribers. There are no door-to-door postal deliveries in small villages and towns where weekly papers are read; therefore the cost to the department of handling these publications is small. My own experience is that 50 per cent of the circulation of weekly newspapers is in our towns and villages. If the postal rate were raised and the free zone done away with, the weeklies would undoubtedly have to increase their subscription rates and, as a result, they would lose some subscribers.

I have a warm spot in my heart for Canada's weekly papers, for I feel they are doing a splendid job in keeping the record of rural communities. There has been a tremendous improvement in these publications over the last twenty years, and cups and trophies are awarded for the best editorials, front pages, and so on. Despite the good job these papers are doing, however, they are not making much money. I know, for I struggled with weekly newspapers for a number of years, and I can assure honourable members that it was pretty tough going. Conditions are somewhat better today, but it must be remembered that competition from daily newspapers was never as keen as it is now. Likewise, competition against small-town daily newspapers from metropolitan and semi-metropolitan newspapers has never been so keen.

Honourable senators, I feel that there could be some improvement in the mail service between metropolitan centres and what the railroads call way stations. I would like to see the Post Office Department give consideration to inaugurating an air mail service at least once a day in the provincial towns of this country. I have no criticism to make

as to the administration of the Post Office Department itself. I think it is well run. I am familiar, of course, with the operation of the post office in Kingston, and I have had long talks with the postmaster of Toronto.

I must say that I was disappointed that when the city of Toronto was building its new subway from north of St. Clair avenue down to Front street the Post Office Department did not take advantage of the opportunity to install pneumatic tubes. These could be used to transmit mail from the branch post offices in the north end of the city to the main office on Front street. Even fifty years ago this system was employed in New York city: at that time mail was dispatched by pneumatic tubes from the post office at Madison Square to the main office near the Battery. It is a shame to think that during the building of the new subway in Toronto nothing has been done along this line. When the new subway is completed, it will take eight minutes to go north from Front street to St. Clair avenue. I hope the Post Office Department will make some arrangement with the subway people to carry mail from the branch post offices along the line, and just west of it, in order to get it down to the main post office much more quickly than at present. The service out of Toronto is not very bad; in fact, I think it is rather good. In the residential districts, if a letter is posted by a quarter past five in the afternoon it will be delivered in such cities as Brantford, St. Catharines, Kingston and Kitchener, the next morning. If a letter is posted after that time it might catch the night train, but that is not guaranteed. However, if you go to the main post office, which is a very, very efficient organization, you can post the letter directly on to a moving leather belt, and it will be conveyed to the sorting room and be ready for the night train in a short time. I have no doubt that other cities—Montreal, Winnipeg, Vancouver and others—are given equally efficient service. A lady told me she took 23 big food parcels for Britain to the general Post Office in Toronto, at Christmas time and that they were all weighed and stamped and she was out of the Post Office within five minutes. I think that is very, very good service. Unfortunately service of that type seems to be limited to a great extent to the larger cities.

That is about all I have to say, honourable senators. I wanted to correct the misinformation that seems to be abroad about weekly newspapers. I wanted to inform the house that the rate of postage for daily newspapers has been put upon a proper commercial basis, without any bill coming before this house or the other place. I also wanted to suggest that we should have a better air mail service to smaller places as soon as possible.

Hon. Mr. Farris: I should like to ask the honourable senator two questions. First, am I to understand that no loss is sustained by the department in connection with the daily newspaper service?

Hon. Mr. Davies: I cannot answer that, but at the present rate I do not think there would be. If there is a loss and the rate to the daily newspapers is still not high enough, the price of the paper to the subscriber would go up.

Hon. Mr. Farris: My second question is this. Why should any losses incurred by the department in giving service to second-class mail users be imposed on the users of first-class mail?

Hon. Mr. Reid: That is a good question.

Hon. Mr. Haig: That is the issue.

Hon. Mr. Davies: I think that is a very good question. I do not think there is any reason at all. I understand that the honourable leader made no reference to any change in second-class mail?

Hon. Mr. Macdonald: That is right.

Hon. Mr. Farris: I understood from what the honourable member from New Westminster (Hon. Mr. Reid) said that there is a loss of $15 million in giving service for second-class mail. If that is so, I am wondering why that loss should be borne by users of first-class mail.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Davies: Second-class mail is not restricted to newspapers and magazines, it includes all unsealed letters and that sort of thing.

Hon. Mr. Macdonald: And advertising.

Hon. Mr. Davies: Yes, and advertising. The post offices handle advertising now in opposition to newspapers. For instance, they will take a big pile of advertising material, unaddressed, and give it to the postmen, who will deliver it. I was always under the impression that in the old days the loss was due partly to the carrying of newspapers and magazines at low rates, and partly to rural routes. It is an interesting fact, although I do not know if it has any effect on the mail, that the magazine *Life*, published in New York, does not use the mails to Canada. Each issue is shipped in large transports to Montreal and dumped into the

post office there. I do not know if it is cheaper to do it that way than by mail.

On motion of Hon. Mr. Bradette, the debate was adjourned.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Farris, Acting Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill J-9, an Act for the relief of Dorothy Agnes Louise Grant Walker.

Bill K-9, an Act for the relief of Evelyn Maud Nash Wyse.

Bill L-9, an Act for the relief of Anita Felton Corbeil.

Bill M-9, an Act for the relief of Sonia Lippman Cohen.

Bill N-9, an Act for the relief of Margaret Stuart Peniston Rex.

Bill O-9, an Act for the relief of Phyllis Adair Barker Smith.

Bill P-9, an Act for the relief of Elizabeth Louise Emmett Lightbody.

Bill Q-9, an Act for the relief of Madeleine Victoria Coussement Rolland.

Bill R-9, an Act for the relief of Julia Frances Finn Radcliffe.

Bill S-9, an Act for the relief of Eileen Theresa Burgess Cowan.

Bill T-9, an Act for the relief of Christina Emmanuel Papadakis Banks.

Bill U-9, an Act for the relief of Grace Connolly Houde.

Bill V-9, an Act for the relief of Marion Elizabeth Davis Esson.

Bill W-9, an Act for the relief of Morris Goldsmith.

Bill X-9, an Act for the relief of Edith Marie Treleaven Younkie.

Bill Y-9, an Act for the relief of Irene Dorothy Haselden Munn.

Bill X-9, an Act for the relief of Margaret Hosie Black Kirk.

Bill A-10, an Act for the relief of Irene Bertha Kirkpatrick Faubert dit Masson.

Bill B-10, an Act for the relief of Marie Charlotte Yvonne Gisele Giguere Larocque.

Bill C-10, an Act for the relief of Albert Pigeon.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Farris: With leave, I move the third readings now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until Tuesday, February 16, at 8 p.m.

THE SENATE

Tuesday, February 16, 1954

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received a communication from the Secretary to the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 9.45 p.m., for the purpose of giving the Royal Assent to certain bills.

EXPLOSIVES BILL

COMMONS AMENDMENTS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill C, an Act to amend the Explosives Act, and to acquaint the Senate that they have passed this bill with certain amendments, to which they desire the concurrence of the Senate.

The amendments were read by the Clerk Assistant as follows:

1. Page 1, line 15: Immediately after "3. (1)", strike out the word "This" and insert the following: "Except as provided by the regulations, this".

2. Page 2, between lines 3 and 4: Insert the following as subclause (3) of clause 3:

"(3) Section 4 of the said Act is further amended by striking out the word "and" after paragraph (m) thereof, by inserting the word "and" at the end of paragraph (n) thereof and by adding thereto the following paragraph:

"(o) prescribing the circumstances in which explosives shall for the purposes of this Act be deemed to be or not to be under the direction or control of the Minister of National Defence."

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Lambert: Tomorrow.

CANADIAN FORCES BILL

FIRST READING

A message was received from the House of Commons with Bill 80, an Act respecting the Canadian Forces.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Lambert: Thursday next.

PATENT BILL

FIRST READING

A message was received from the House of Commons with Bill 177, an Act to amend the Patent Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Lambert: Thursday next.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the Committee's reports Nos. 267 to 287, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

PRIVATE BILL

DOMINION FIRE INSURANCE COMPANY—FIRST READING

Hon. Mr. Campbell presented Bill K-10, an Act respecting The Dominion Fire Insurance Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Campbell: With leave, next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill E-10, an Act for the relief of Alfred Rubens.

Bill F-10, an Act for the relief of Clara Stein Rosenberg.

Bill G-10, an Act for the relief of Birdie Gladys Schwarz Bard Yudelson.

Bill H-10, an Act for the relief of Lilli Schwab Barber.

Bill I-10, an Act for the relief of Laura Fenny Hoddinott Peckford.

Bill J-10, an Act for the relief of Michael Samulack.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: Next sitting.

TRANS-CANADA HIGHWAY

INQUIRY ANSWERED

Hon. Mr. Reid inquired of the Government:

Of the $42,777,242.73 contributed by the Federal Government since 1950, towards the construction of the Trans-Canada Highway, how much of this amount was spent in each province under the 100 per cent payable by the Federal Government for that portion of the Trans-Canada Highway in National Parks.

Hon. Mr. Lambert (for Hon. Mr. Macdonald): I have a reply to the questions of the honourable senator, as follows:

Nil.

The amount of $42,777,242.73 contributed by Canada toward the cost of construction of the Trans-Canada highway represents payments made to the provinces only as Canada's share (50 per cent) of provincial costs.

In addition to the above, Canada has paid 100 per cent of construction cost of the Trans-Canada highway in Banff and Yoho National Parks. The total amount paid from 1950 to January 31, 1954, is $1,203,079.25.

Of that amount $67,895.41 was spent on location surveys and engineering investigations in both Alberta and British Columbia parks, a breakdown of which amount is not possible. However, in so far as contracts awarded are concerned, $698,003.22 was spent in Alberta (Banff park) and $437,180.62 in British Columbia (Yoho park).

POST OFFICE BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, February 11, the adjourned debate on the motion of Hon. Mr. Macdonald for the second reading of Bill 168, an Act to amend the Post Office Act.

Hon. J. A. Bradette: Honourable senators, I fully realize that the bill before us, No. 168, an Act to amend The Post Office Act, has been fully discussed in the House of Commons. However, I believe this is the time to present some observations, based on my experience and opinions.

All of us realize that a bill of this kind is not overly popular, for the reason that from time to time government departments have to increase the rate on some services they are giving; and generally speaking, the vote on such a measure is mainly on party lines. But I do not think that anyone can accuse the government of lacking either sincerity or courage in its action on this matter.

It has been stated during the present debate that, had the stamps on cheques been maintained, probably it would not have been necessary to raise the cost of first-class postal service. The argument which has been used in this discussion has been that the tax on stamps was borne by certain classes of people who had occasion to use cheques most frequently. I cannot agree entirely with that point of view. It is true that big corporations, issuing a large number of cheques, require more stamps, but the charge was borne also by thousands upon thousands of small businesses throughout the country, and by some quarter of a million people possessing savings accounts. For these, the stamp charge may have been pretty onerous, and what may be called a nuisance tax. It is now abolished and, of course, the government, and in particular the postal department, must face the consequent deficit.

It has also been argued during the present session that the radio licence fee should not have been abolished. However, we all know how costly it was to collect this fee. In many instances the owners of radio sets were found to be several years in arrears in the payment of the fee through negligence or forgetfulness, and they had the unpleasant experience of being dragged before local magistrates. In my own home town thirty-six persons appeared before the magistrate in one day, two years ago, for having forgotten to pay their radio fee. I was opposed to the fee ever since its inception, and I was certainly pleased when it was abolished.

The type of legislation now before the house is never popular with the voters. The present government has done many things that were unpopular at the start, but eventually the citizens of this country realized that the government had acted properly. Just look at Canada's economic situation today. One has only to travel in the United States, Europe or Asia to realize how much the people of those countries envy Canada's economic situation. We are one of the very few nations in the world which have drastically reduced their national debt since the last war. The heavy taxation and rationing regulations imposed on Canadians during the war were certainly not very enthusiastically accepted, although loyally adhered to, by the people of this country, and after the war the taxpayers were critical when subsidies on milk were withdrawn. Everyone recalls the bad publicity the government drew on that occasion, and which was politically exploited. It was said

that this measure was not fair to the consumers and that it would result in people being deprived of their milk. There was further criticism throughout every section of the country when controls were gradually removed from most of the items on which they had been imposed during the last war. I can understand why this action was criticized in a political way, and the opposition parties certainly endeavoured to build up a certain measure of political capital out of that situation. I believe that this is the time to state that the people I represented in those days were made well aware of the courage, determination and foresight of the government's action at that time, which in all instances proved to be logical.

Honourable senators, I listened with a great deal of attention and interest to the remarks made during this debate by the Leader of the Opposition (Hon. Mr. Haig). He made a fine speech, and stated that he was going to vote against this measure. I do not believe he could do otherwise. The honourable gentleman spoke with sincerity, and he built up an apparently good case. He referred to the humble, ordinary citizens of this country who carry on family correspondence with their relatives. By way of illustration he spoke of a mother living in Winnipeg, for instance, and having five children living in various localities throughout the dominion. He stated that such mothers will be penalized as a result of this legislation; that their budgets will be somewhat affected. I took a piece of paper and pencil and endeavoured to ascertain just what the difference would be, with an increase of one cent on each letter. If the mother writes to her five children once a week she will spend $2.60 more a year for stamps. If she writes twice a month to her five children the increase in the cost of stamps will be $1.30 a year. If she writes only once to each of her children each month the annual increase will be 60 cents. Surely she should be able to bear this extra cost.

Honourable senators, I want to remind the house that the burden here will be spread, shared by big and small businesses as well as by individual citizens. The load has to be carried somewhere, and I feel the government is acting courageously and practically.

I also listened attentively to the remarks of the honourable senator from Kingston (Hon. Mr. Davies), who presented a good case on behalf of newspaper publishers. I was pleased to hear his viewpoint, particularly with respect to second-class mail, and particularly the daily newspapers.

Before I proceed further I wish to say that in some sections of Canada, and particularly in the large urban centres, mail is delivered three times a day. Certainly, those sections are very fortunate, like preferred sons of the gods, because some sections in my part of the country do not receive mail once a month. We do not begrudge the urban centres their service, but I wish to point out to the honourable senator that we are not getting delivery of mail three times a day, or anything like that service, in my part of the country, and we are very glad to have the service we do. In many sections mail is not delivered more than once a month, and in others three times a year.

I must take this opportunity to compliment the Post Office Department upon the magnificent work they are doing, because it is difficult to give adequate mail service in this country, where the population is spread over an immense territory, and in parts of which the population is very small as yet and living in frontier settlements. In the sparsely populated areas the mail service is very good and meets with little criticism. I think the Post Office Department, the administration itself, and all its employees, in whatever capacity they work, are to be complimented; they are trying to do the best they can.

The honourable senator from Kingston (Hon. Mr. Davies), in speaking about second-class mail, contended that it was the readers of newspapers, not the newspapers, who are subsidized by the government. I think this must be true. For example, I subscribe to the two Ottawa daily newspapers, and they cost me $10 a year. In this way, I receive the papers for three and one-third cents and three and one-half cents, and I certainly get full value for my money. It has always been a revelation to me what good value we get from newspapers for such a small sum. There is good reason for maintaining the subsidies granted by parliament to the people who buy newspapers; the public is thereby enabled to get good and informative reading matter at a very low rate. Every newspaper is certainly good value for the money. I would have to spend two hours on every issue to get the most out of my newspapers: there are editorials, local, national and international news items, and a weekly magazine and other attractions. I think the government has acted rightly. Some people ask why that kind of subsidy should be maintained, when the radio to some extent is taking the place of the newspaper. But the news that we hear over the radio at night, we look for eagerly in print next morning. That is true of all the news. I think that the necessity for granting subsidies to newspapers that obtained years ago exists as strongly today and should be continued.

However, I believe that with the continuing of subsidies, newspaper proprietors are called upon to assume certain responsibilities, and that an onus is upon them. I believe in right and constructive criticism of all actions on the part of the government and of all parliamentarians, whether in this house or in the House of Commons; but the press of this country is not always fair to parliamentarians. It has been said that newspapers always have the last word; that is true. On many, many occasions when we have been severely attacked by the press about so-called privileges, the criticism has not been right to the point. In saying this I have particularly in mind newspaper criticism of the franking privilege. It has been implied that this privilege to parliamentarians costs the country a tremendous sum of money. As far as I am aware, it does not cost very much, and I intend to give my reasons for thinking so.

I have in my hand an article which appeared in the Ottawa *Journal* of February 9, 1954, under the title "To frank or not to frank". This title, honourable senators, reminds me of an incident that took place in the other house some time during the last war, during a debate having to do with restrictions on beer. A member from Winnipeg wittily said the question was, "To beer or not to beer".

The article commences:

> In Ottawa, Mr. Coté, in the Commons, has replied vigorously to the critics of his department. He was not at his best when dealing with the Opposition suggestion that franking privileges be extinguished.
>
> The Postmaster General accused the Opposition of presenting only one side of the question and set forth that the principle of franking was to give free mail communication to those seeking, as well as supplying, administrative information. Mr. Coté was sad that the Opposition had neglected to show that if franking were abolished "the Canadian public will then have to pay for all mail communications sent to their elected representatives."
>
> This is a poor argument. Many Canadians live long and useful lives in blissful ignorance of their privilege of sending letters free to their member of parliament when he is in Ottawa. We find it hard to believe that the volume of free mail inward from the Canadian people to Ottawa in any way compares with the volume of free mail going out to them.

That latter point is very true. On that score I am reminded of what happened many years ago when the late lamented George McCullagh started what was known as the "Leadership League". He publicized throughout every section of Ontario and perhaps some parts of the other provinces the fact that citizens could write to their representatives in parliament and to the various departments of government without stamping their letters. Following that announcement I received a few unstamped letters from some persons from our riding and in the province of Quebec, but all the other letters I received before and after that episode bore stamps. From my own experience, I believe that very few people are familiar with the right they have to send letters to their representatives in parliament postage free.

The article continues:

> But there is a case for permitting taxpayers to write their representative free. We can imagine a situation where prolonged correspondence would impose a hardship on taxpayers in search of information—or their rights; it is hard to see how an MP or minister could be hurt by the postage bills of such correspondence.

The writer goes on to say:

> Franking costs the Post Office about $4 million annually in lost revenue. Any reduction in that amount would benefit the Canadian taxpayer and it ill becomes the minister to speak of the proposal to eliminate or restrict franking as "another futile suggestion".

Honourable senators, I hold in my hand a calculation I have made of the approximate cost to Canada of the franking right of parliamentarians, and in it I believe I have placed the costs higher than they really are so that it will not be said that I am making an understatement on that subject. It must be remembered too that the franking privilege exists only throughout each session of parliament and for ten days after prorogation or adjournment.

What is the utmost cost of the franking privilege for both houses? In my calculation I have allowed each member of parliament a maximum of thirty letters per day for six days a week, making a total of 180 letters a week. If a session lasted twenty-six weeks —or six months—which is longer than usual, the average member would send out 4,680 letters which, at 4 cents per letter, would give a total of $49,608. So much for the House of Commons.

For the members of the upper house I have allowed the same basic quota of 180 letters a week, for a session of twenty-six weeks, or a total of 4,680 letters for each senator. Assuming there are no vacancies in the house—which rarely is so—its 102 members would send out in one session 477,360 letters which, at 4 cents a letter, would amount to $19,094.40. The grand total of the cost on this basis for members of both houses would be $68,702.40.

Hon. Mr. Euler: May I interrupt my friend to ask him a question? He has calculated on an average of thirty letters per day for each senator and member of the House of Commons. Does he really think any parliamentarian writes an average of that many letters each day? I think he is much too high.

Hon. Mr. Quinn: He is giving the maximum.

Hon. Mr. Bradette: I assure my friend from Waterloo (Hon. Mr. Euler) that I never use the franking privilege to that extent.

Hon. Mr. Euler: And nobody else does.

Hon. Mr. Bradette: I do not have occasion to write more than five or ten letters a day, but I should like to make a maximum calculation to answer some newspapers of this country that have printed a lot of exaggeration, stating that the franking privilege costs Canada millions of dollars. The honourable senator from Waterloo is quite correct when he suggests that most parliamentarians do not write thirty letters a day.

Hon. Mr. Reid: What about the tons of *Hansard* that are sent out under the frank?

Hon. Mr. Bradette: I will come to that point later. Honourable senators will readily see how misleading it is for citizens to read articles such as the one to which I have referred indicating that the franking privileges cost the country some millions of dollars.

Towards the end of the article this paragraph appears:

> The taxpayer might well speculate that the volume of mail sent out by members, ministers, and departments would be substantially reduced if postal charges always had to be paid, with a further reduction in printing costs.

In my long experience as a member of the House of Commons scarcely a week went by that I did not hear a member asking the government for more information on some subject. It is true that parliamentarians as a rule are not able to read all the information that comes to them from the various governmental departments, but for my part I found all the literature I received most interesting, of some value and very helpful. I am quite sure that honourable senators who have served as members of the cabinet were satisfied that there was no extravagance under their administration in the matter of distribution of information. If the privilege of sending out information under the frank were withdrawn or drastically curtailed much criticism would come from members of the other place. One has only to read some of the speeches delivered during the last general election campaign to appreciate the need for the distribution of facts. For instance, it has been stated that the Leader of the official Opposition should have the services of a special bureau so that he would have access to as much information about the country's affairs as the government has.

I regard it as a great privilege to have served the country as a member of both houses, and I have always found that through the medium of distribution of literature under the franking privilege I have had access to most of the information I required.

The honourable senator from New Westminster (Hon. Mr. Reid) made reference to the franking right of members of parliament, and their use of it in mailing political literature. There is a great deal to be said in favour of his remarks and I, for one, would be very much in favour of cancelling this right to some degree. To give an example of what is done along these lines, I would like to relate an incident. On one occasion some years ago, when I was a member of the other house, my secretary was working on a large bundle of brown envelopes. I had no objection to her helping somebody else, but I happened to ask her what she was doing and she replied that she was addressing some of the six thousand envelopes in which literature was to be sent by members of parliament to addresses in the western provinces. I informed her that I did not object to her doing secretarial work, but I did object to her doing that monotonous work. If it can be shown that there are abuses of the franking privilege I would be the first to suggest that the privilege be abolished. I may say that that question was given very serious consideration a few years ago but no conclusion was reached.

I hope and pray that the press will find it possible to go to the bottom of this question of franking rights for parliamentarians, and publish the real facts for the benefit of their readers. I repeat, I am not going to criticize the subsidies given to the readers of newspapers in this country, because I think every cent of those subsidies is deserved. In many families, the only reading matter is a weekly, bi-weekly, or daily paper and magazines, and if the readers of those publications are able to purchase them at a reasonable price they will buy not only one paper, but may buy two or more, and, as a result, they will be in a better position to form an unbiased opinion on political matters, both national and international.

Again I say that I hope very sincerely that the press will try to depict exactly what the situation is and refrain from publishing insinuations, for there will be criticism heaped on the heads of parliamentarians because of the statements contained in the press that the franking right costs the country millions of dollars yearly.

I ask your indulgence if I speak plainly on this matter, but I must do so, for I feel strongly on the subject: I believe in criticising the actions of the government and the party in power. The press has a duty to place before the public facts on which public

opinion can be formed, in such a way that the political situation, national and international, will be understood. I must say that the press generally is doing a magnificent job, but it is hard for me to comprehend why, when matters are raised in parliament, the press in many instances is very biased in its statements and opinions. I do not think that this is done wilfully, because I have read very many fine editorials excusing the shortcomings of parliament, reminding the people that, after all, it is a human institution and that the parliamentary system could no doubt be improved upon, that desirable changes could be made, and so on. I want to pay tribute to many, many newspapermen, inasmuch as when they realized criticism was going too far they found it possible to place matters in proper perspective. These writers and their papers I want to praise.

Honourable senators, I thank you for your indulgence. I am going to vote in favour of this bill, not because it is popular but because I believe it is my duty to vote for a bill that will permit one department of government to balance its own budget. There is no better way than that to administer the affairs of this country. I do not believe that the government should take the line of least resistance; on the contrary, I believe that it must be courageous in all its actions.

At the present time we in Canada find ourselves in an enviable situation, economically and in every other way—and I do not say that in a political sense at all. I repeat that this country is held in high esteem abroad, and Canadians have good reason to be very proud of themselves when they hear the complimentary remarks that are passed about Canada, even in the United States and other countries familiar with our situation. We are asked: "How can you do these things at the present time?" The answer is that the only reason we can do it is that all sections of this country and all parties in parliament unite when danger signs are seen, and certain procedures and measures are taken to remedy the situation. That is the reason why our country is a leader among the small nations of the world today, and highly admired and respected by all.

Hon. Senators: Hear, hear.

Hon. W. D. Euler: Honourable senators, it is not my purpose to discuss the merits or demerits of the question of abolishing the franking privilege of members of parliament. I rise in connection with the question I asked a few minutes ago. The senator from Cochrane (Hon. Mr. Bradette) has estimated that the average number of letters mailed daily by each member of parliament under his frank, is thirty, and on that basis he makes a calculation of the cost of the franking privilege to the country. I think that members of the Senate and of the Commons are subject to fair criticism in regard to the raise in indemnities; but it seems to me that the figures given here tonight will cause members of both houses to be subjected to unjustifiable criticism for use of the franking privilege. In my opinion members of the Senate and of the Commons do not send out as many as thirty letters a day, on the average. In some cases more are sent out and in some cases less; but I am reasonably sure that thirty is not the average, and to give such a figure is an exaggeration, if the senator will excuse that term. It would be unfortunate if the press were again to carry the news to the country that we were abusing our privileges—and that is the impression people will get if the press send out figures like that, which I do not think are justified by the facts.

Hon. Mr. Haig: Correct.

Hon. John J. Kinley: Honourable senators, it was very pleasant to hear the honourable senator from Cochrane (Hon. Mr. Bradette) make his first speech in this chamber.

Hon. Mr. Lambert: His second.

Hon. Mr. Kinley: If the honourable senator has spoken before, I apologize for my mistake. He must have spoken when I was absent. But I do want to take this first opportunity to say that, after the long period of service in the other house, during which we were associated, it is gratifying to me that he has been selected to be a member of the Senate. I hope he will be with us a long time, and that he will take an active part in everything that goes on here.

The bill before the house is not very extensive, but it has to do with a matter which is very close to the people. In our service in the other place, nothing demanded more of our time and more attention to detail than the looking after of affairs of the mails and the post offices in our constituencies. To the ordinary people of the country the post office is the best known of our institutions. They use it every day. Therefore I think it is salutary that we should discuss at some length the merits and the provisions of this bill. A long time was spent on it in the other house, and quite a few honourable senators have spoken on it here. I think that is a good thing, because it is well that the facts should go to the public and that the true story should be presented in a proper form, so that there will be general acceptance of what is stated in some quarters to be an unpopular measure. The proposed increase in the postage rates,

applicable from April 1, 1954, is for one specific purpose, mainly to cover foreseeable increased expenditure. This has been indicated by the Postmaster General as follows:

(a) Upward adjustment of salaries paid to post office employees, including the postmaster of rural post offices, staff offices, railway mail clerks, administrative staffs, etc.	$7,000,000
(b) An additional amount required to apply the 5-day 40-hour week in those offices where it is the dominant pattern in industry	5,000,000
(c) Increases in rates to mail contractors, including rural mail couriers on the lines of the legislation passed last year	1,500,000
	$13,500,000

In addition, I notice that, for the cost of railway transportation, the Post Office estimates for 1954-55 provide—at page 418—for $15,360,000, or an increase of $1,250,000 over the amount provided in 1953-54. If you add this to the $13,500,000 already stated there is a total increase for the next fiscal year of $14,750,000.

I notice that the Postmaster General estimates that the additional revenue due to the increased cost of postage will be $15,000,000, or approximately the amount of foreseeable additional expenditures. One might ask why this is necessary in view of the fact that there was a surplus for the fiscal year 1952-53 of approximately $6,500,000.

The reason is, as the Postmaster General has already explained, that this surplus has entirely disappeared on account of the discontinuance of the use of postage stamps on cheques, and that, instead of there being a surplus this year, there will be a deficit of at least $1,000,000.

The fiscal year is not yet completed, and I understand the indications are that the actual deficit will be appreciably in excess of $1,000,000. These figures are taken from the official records.

It is my opinion that, while additional expenditure frequently keeps pace with the estimated revenue, there are revenue increases at the rate of about 5 to 7 per cent a year; and I predict, on the basis of past experience, that the department might get through the next year without a deficit.

There has been some criticism of this bill on the ground that the whole burden of increased charges is placed on first-class mail. Well, no other agency than the government can carry letters; it has a monopoly in this regard, and it is really the only place where it has a free field. The postage on letters is to be increased from 4 to 5 cents, but all first-class mail, and some packages, if folded and enclosed in a suitable fashion, can be carried in the same way.

I think it is very important for the progress of the country that the mail should be conveyed as rapidly as possible. Canada is a land of great distances. To mention my own case, if I mailed a letter tonight, and it went by rail, it would take two or three days to reach Lunenburg; but if I posted it before 9 o'clock on a mailing day it would be in my office in Lunenburg at 12 o'clock the following day. That is a splendid service.

I have been paying 7 cents on my letters because no business man today who wants to do things quickly, in keeping with the times, will send a letter by the railway when it can go by air. The price for this service, hitherto 7 cents, will be 5 cents; and the only proviso in this connection is that letters will be sent by air if it is advantageous to do so. Mail addressed to places to which air service is not available or to which it would not speed delivery, will continue to go by rail, but wherever the business of the country can be done more efficiently by air transportation, correspondence will be carried by air.

Coming to the matter of second-class mail: there has been a pointed discussion in the other place as to this class of mail being carried at a deficit. Well, deficits are sometimes misleading. You need so much business to carry your overhead; what you get over and above it makes a difference. Everybody knows that that extra volume has a great deal to do with success in business. Though the percentage of profit is less, it is good business because it is obtained after most expenses have been provided for. Many business transactions do not realize a profit in themselves, but still they are good business. Competition is becoming increasingly keen in the matter of second-class mail. The large daily newspapers in Nova Scotia deliver their papers by truck to various centres throughout the province, where delivery boys pick them up and deliver them at the subscribers' homes. This service has speeded up newspaper deliveries to the extent that subscribers in my area get their papers at 8 o'clock in the morning instead of at 12 o'clock noon. Newspapers are being delivered by this method all over Canada, and this competition is difficult to meet.

Honourable senators realize there is an international responsibility in the matter of mail service, and that there is an obligation on the part of our Post Office Department to deliver mail addressed to Canadians from points in the United States, Britain or any other country. Canada is a country of only 14 million people, whereas Britain has a population of some 50 million and the United States a population of 160 million. It is the duty of our Canadian postal system to deliver the myriad pieces of mail that come

into this country from elsewhere in the world. Then, again, I am told that, for example, copies of *Life* magazine are brought by carriage to a point in Canada, from where they are mailed to different places throughout this country. At least in that way some postage is paid. Magazine publishers transport magazines to a central point in Canada by carriage before mailing them because this system has resulted in greater subscriptions, and they feel they can control delivery more effectively.

Mail deliveries in Britain cover comparatively short distances, and a letter posted there can be delivered anywhere in the country in good time. Despite this fact the British postal rates are not much lower than ours. I would also point out that there is a $700 million deficit resulting from United States mail service. I should like now to quote a news item appearing in *Time* magazine of February 15, 1954. It is headed "From the Committees", and reads:

> An increase of some $240,565,000 a year in postal rates was approved 13 to 7 by the House Post Office and Civil Service Committee. Among the changes: first-class letters sent out of town would cost 4 cents, air mail letters 7 cents, and second-class mail (newspapers, magazines, etc.) would be gradually increased to about 33 per cent above the present rate by April 1957.

Canada is a vast country with comparatively few inhabitants, but our people will now be able to enjoy a 5 cent air mail service within Canada. I for one feel that our Post Office Department should be congratulated upon the splendid service it has given over the years. The fact is that in operations of this kind the revenue taken in must be greater than the disbursements. This is true of any competitive business, and it certainly is in the case of the Post Office Department if it is to balance its budget. It is only logical to expect that rates must be increased if the revenue is less than the disbursements. In other words, let us face the situation and pay the bill, and let us tell the people exactly what is being done.

Honourable senators, the government is taking this step to increase certain postage rates because the Post Office Department has become more expensive to operate. First of all, there is the matter of increased services that the Department is now providing to the public; then there is the increase in salaries recently granted to postal employees, and finally there is the institution of the five-day forty-hour week which goes into effect on April 1 and will result in an increase in staff. These factors have all contributed to increasing the operational costs of the Post Office Department. It costs more to give greater service and to pay higher wages. It occurs to me that those people who have always demanded higher wages and shorter working hours have paradoxically, been the very ones to complain whenever a public service seeks to increase its charges. How can anyone obtain an extended service without paying for it? Certainly it is obvious that you cannot get something for nothing. It is said that those who use the mails should pay for them. That is sound reasoning, and we shall be on good ground if we adhere to that idea.

Some people say that the regulation for placing stamps on cheques should not have been removed. Frankly, I cannot see any connection between the Post Office Department and the matter of placing stamps on cheques. This was a wartime measure introduced for the purposes of raising extra revenue. In administering the regulation it was found that excise stamps were sometimes hard to obtain in many parts of the country. A businessman prefers an excise stamp to ordinary stamps, for obvious reasons. Postage stamps are like money, in that it is not wise to leave them lying around. Many householders and persons in out-of-the-way places found it advantageous to use postage stamps rather than excise stamps on cheques. It has been said that the annual revenue from those postage stamps—which, of course, went to the Post Office Department —amounted to some $7 million. I understand, however, that the Minister of Finance thinks it was only $5 million. The fact remains that the Department did get revenue to the extent of at least $5 million from stamps on cheques. In its wisdom the government has seen fit to do away with the stamp on cheques. I think this is good for the business of the country, because the more cheques that are used the less currency is handled. Ninety per cent of all Canadian business today is negotiated by cheque, but when stamps were required on cheques some people preferred to do their business by currency. They wanted to get away from the cost and inconvenience of stamps, and one result was that more payrolls were paid in cash than by cheque.

Many people are clamouring to let the business of this country pay the bill, the so-called deficit that has been incurred as a result of removing stamps from cheques. Well, I am all for the small business but I think it should at least carry its own weight in this matter. This is the right and duty of all Canadians. The government is the most interested party in every successful business. When an industry has to put stamps on its cheques the government loses half of the revenue from the stamps, because a successful business pays 50 per cent of its profits in income tax. Unsuccessful businesses do not

contribute much to the federal treasury. I am not against big business, as such. I think it is a good thing. Big business has brought about a high standard of living and has made countries prosperous and successful through the ages. I think big business is good for Canada. I do not like to see big businesses operate as monopolies, I think they should be controlled; but I do think that we should stand by the big industries of this country. Nevertheless, I believe they should pay their share, for in a country where everybody is free, people should pay for the individual services they get. It is not too much to ask everybody to bear a portion of this extra service cost. It is part of the price of progress.

I come now to the matter of franking. Franking costs this country a lot of money. The Post Office Department says that it costs $4,100,000 per year. Well, it is not the franking that members of parliament do that is so costly, but rather what the administrative branch does. There has been some criticism of the raising of the sessional indemnity, but the added expense amounts to less than $1,500,000 in both houses of parliament, yet the loss to the Post Office Department from the franking privilege amounts to $4,100,000. Some people say the franking privilege should be abolished. I do not say it should; but I do know it has been abused in many quarters. I know that people use it when they should not, and that it is used for purposes that can be questioned. Although it would be a drastic act to abolish the privilege, I think that question could be reviewed by a parliamentary committee with good results for all of us.

The Post Office Department had a surplus last year of $6,471,053, but that amount would not be so large if the amount lost by the removal of the excise stamp tax were deducted. Furthermore, that amount does not reflect accumulation of surpluses over the years. That goes to the Consolidated Revenue Account. In business, on the other hand, such a surplus could be used in an emergency, or to stabilize the balance sheet.

Then we are told that the Post Office Department uses many buildings in Canada. Post Office buildings, so called, are not exclusively post office buildings at all, but are used for Customs and for Public Works, the Fisheries and other departments. They are really buildings for the purpose of collecting the revenue of the country and for looking after other departments of government rather than for the Post Office alone. The government savings bank carried on by the Post Office has deposits of $38 million. That amount is increasing each year, and the rate of interest is 2 per cent. What would a trust company do with $38 million if it had that amount under its control? It would do a mighty good business and make a good profit. An advantage that the government receives from the Post Office Department is the borrowing of this money, so to speak, from the Post Office savings bank.

It seems to me that the Post Office Department is justified in imposing a slight increase or rearrangement in postage, and that the Postmaster General is justified in presenting this bill to parliament. I think that the reasonable people of this country will be all for it. If the services are wanted, they must be paid for. I know of no department of the government that has been run more economically over the years than our Post Office Department.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: Honourable senators, I have a few observations to make upon this measure, but the Royal Assent is to be given to certain bills shortly, and at the moment I am quite unaware of what limit I can put upon my desire to talk. Also, my notes are in my room, and as I am inexperienced in taking part impromptu in debate—

Some Hon. Senators: Oh, oh!

Hon. Mr. Crerar: —I would ask the indulgence of the house to permit me to adjourn the debate.

On motion of Hon. Mr. Crerar, the debate was adjourned.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, the Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act for the relief of Catherine Miller Mary Harris Dawson Coutts.

An Act for the relief of Elizabeth Ann Hunter Daykin.

An Act for the relief of Martha Anne Sutherland Clarke.

An Act for the relief of Phyllis Best Childs.

An Act for the relief of Marilyn Clerk Merlin Clarke.

An Act for the relief of Kenneth Urban Lunny.

An Act for the relief of Florence Bella Davis Baines.

An Act for the relief of Claude Arlington Root.

An Act for the relief of Lizzy Weiss Nomberg.

An Act for the relief of Mildred Elizabeth Sears Leighton.

An Act for the relief of Margot Landwirth Steinbach.

An Act for the relief of Pauline Noel Lapointe.

An Act for the relief of Joseph Philippe Marc Andre Fortier.

An Act for the relief of Nancy Rachel Bonnar Barclay.

An Act for the relief of Marusia Zozula Hempseed.

An Act for the relief of James Alexander Stevenson.

An Act for the relief of Vyvyan Holcombe Hervey.

An Act for the relief of Gilberte Drouyn Serres.

An Act for the relief of Margaret Alice May Plinn Cote.

An Act for the relief of Stanislas Anthony Placzek.

An Act for the relief of Rose Enkin Carriere.

An Act for the relief of Lottie Levine Lubotsky, otherwise known as Lottie Levine Kuznicki.

An Act for the relief of Solanges Laperle Desjardins.

An Act for the relief of Jack Kaufman.

An Act for the relief of Selma Sara Schachter Lande.

An Act for the relief of Paul Joseph Simard.

An Act for the relief of John McCullough Gasken.

An Act for the relief of Joseph Louis de Gonzague Giguere.

An Act for the relief of Jean Hunter Bercovitz.

An Act for the relief of Diane Lorraine Cleveland Morgan Stewart Patterson.

An Act for the relief of Elsie Eleanor Bennett Kirkcaldy.

An Act for the relief of Bernice Margaret Vizzutti Charters.

An Act for the relief of Archibald Christopher Mottley.

An Act for the relief of Bessita Asaria Farchi Lotenberg, otherwise known as Bessita Asaria Farchi Lotey.

An Act for the relief of George William Bonfield.

An Act for the relief of Marjorie Joan LeRiche Dunphy.

An Act for the relief of Geraldine Donovan Wilcox.

An Act for the relief of Norma Mary MacKenzie Benton.

An Act for the relief of Anna Smilovitch King.

An Act for the relief of Kathleen Dempsey Robertson.

An act for the relief of Joyce Delia Pierce Korenberg.

An Act for the relief of Alfonsas Jankus.

An Act for the relief of Michael Lansky.

An Act for the relief of Wilma Elizabeth Dalglish Rochon.

An Act for the relief of John Cromkie Nicol.

An Act for the relief of Tyrus Raymond Markham.

An Act for the relief of Thelma Louise Heinz Finlay.

An Act for the relief of Dorothy Joan Glegg Statham.

An Act for the relief of Mary Laura Olive Coote Laflamme.

An Act for the relief of Sadie Denenberg Rockman.

An Act for the relief of Yukiko Takeuchi Zusko.

An Act for the relief of Joan Gooderham Wyman.

An Act for the relief of Guy Favreau.

An Act for the relief of Elizabeth Stewart Hughes Koren.

An Act for the relief of Esther Wray Carpenter Batt.

An Act for the relief of Shirley Mary Davis Robertson.

An Act for the relief of Carlo Castelli.

An Act for the relief of Eveline Shaheen. Sauvageau.

An Act for the relief of George William Swinwood.

An Act for the relief of Marguerite Frances Wiggins MacKay.

An Act for the relief of Marie Jeannine Bisson Lecuyer.

An Act for the relief of George Joseph John Louis Gustav Brisebois.

An Act for the relief of Ivy Isabel Brown Wilkinson.

An Act for the relief of Eileen Sybil Fels Goldstein.

An Act for the relief of Liliane Bernier L'Heureux.

An Act for the relief of Andrew Warden Clark.

An Act for the relief of Frances Herscovitz Hershon.

An Act for the relief of Mary Frances Beatrice Lord Tomkinson

An Act for the relief of Roslyn Belkin Cohen.

An Act for the relief of Phyllis Mildred Brohart Stephens Mowat.

An Act for the relief of Anna Lillan Montague Maye.

An Act for the relief of Gerald Fry.

An Act for the relief of Gordon Amos Finlay.

An Act for the relief of Eleanor Mary Hastie Moon.

An Act for the relief of Jean de Tonancour Racette.

An Act for the relief of Pauline Frances Elizabeth Appleton Powell.

An Act for the relief of Joseph Anthony Albert Britt.

An Act for the relief of Violette (Labeebe) Zakaib Kenemy.

An Act for the relief of Elizabeth Josephine Grant Drummond.

An Act for the relief of Joseph Georges Roger Dufort.

An Act for the relief of Max Wulfovitch.

An Act for the relief of Jessie Moffat Luce.

An Act for the relief of Julia McKenzie Clarke Smith.

An Act for the relief of Phyllis Matthews Cloutier.

An Act for the relief of Rose White Bishop.

An Act for the relief of Victor Della Porta, otherwise known as Jack William Taylor.

An Act for the relief of Edith Hersh Beck.

An Act for the relief of Dorothy Amelia Hockley Burne.

An Act for the relief of Dora Garoff Bernstein.

An Act for the relief of Phyllis Weiss Cohen.

An Act for the relief of Rose Lillian Budd Cooke.

An Act for the relief of Jeanne Delattre Toubeix.

An Act for the relief of Esther Smilovitch Benjamin.

An Act for the relief of Shirley Ann Slayton Dubuc.

An Act for the relief of Grace Mary Harrison Laycock.

An Act for the relief of Lawrence Druxerman.

An Act for the relief of Shirley Catherine Bradley Boyd.

An Act for the relief of Ferdinand Nunes, otherwise known as Ferdinand Numes.

An Act for the relief of Sarah Estephanie Debonnaire Johnson.

An Act for the relief of Sarah Ida Rishikof Neidik.

An Act for the relief of Harold Goldstein.

An Act for the relief of Mary Kathleen Hayes MacDonald.

An Act for the relief of Dorothy Elizabeth Brewin Lovegrove.

An Act for the relief of Barbara Jean White Simpson.

An Act for the relief of Donald George Kirk.

An Act for the relief of Joseph Wilmott Albert Parmenter.

An Act for the relief of Margaret Agnes Dupont Legault.

An Act for the relief of Jack Merson.

An Act for the relief of Philip George Ralph Anley.

An Act for the relief of Rebecca Joyce Isobel Hahn Vengroff.

An Act for the relief of Mary Szabowska Skowron, otherwise known as Marie Szabowska Skowron.

An Act for the relief of George Arthur Crittenden.

An Act for the relief of Evangeline Emma Bonner Dancsak.

An Act for the relief of Reginald George Silversides.

An Act for the relief of John Partridge.

An Act for the relief of Jacques Labonte.

An Act for the relief of Laura Solow Schwartz.

An Act for the relief of Leona Kuprasz Veremchuk.

An Act for the relief of Mary Bernice Patricia Mullins Coristine.

An Act for the relief of Evelyn Saxe Harris.

An Act for the relief of Catharina Elizabeth van de Casteel Fortune.

An Act for the relief of Hazel Viola Christena Darey Moore.

An Act for the relief of Leontine Pelletier Lamothe.

An Act for the relief of Lillian Hazel Welch Alexander.

An Act for the relief of Therese Perrier Langlois.

An Act for the relief of Anita Eleanor London Lewy.

An Act for the relief of Norma Patricia Cooke Campbell.

An Act for the relief of Alexandra Morgoci Cucu.

An Act for the relief of Daisy Helen Dean Harpes.

An Act for the relief of Gerald Gaudet.

An Act for the relief of Genevieve Mary Emily McGuire Carragher.

An Act for the relief of Sydney Silverman.

An Act for the relief of Joseph Lucien Nadon.

An Act for the relief of Patricia Louise Noseworthy St. Laurent.

An Act for the relief of Joseph Octave Leopold Richer.

An Act for the relief of George Gerald Patterson.

An Act for the relief of Marcel Berube.

An Act for the relief of Gertrude MacDonald Watt.

An Act for the relief of Claire Pierrette Desrochers Dixon.

An Act for the relief of Fernand Laurin.

An Act to approve the financial agreement between Canada and the United Kingdom, signed on the thirteenth day of August, 1953.

An Act to amend the Acts respecting the Northwest Territories.

An Act to amend the Senate and House of Commons Act.

An Act respecting the boundary between the provinces of Ontario and Manitoba.

The House of Commons withdrew.

The Honourable the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 17, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

PRIVATE BILL

BRAZILIAN TELEPHONE COMPANY—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill W-8.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill W-8, intituled, "An Act respecting Brazilian Telephone Company", have in obedience to the order of reference of February 10, 1954, examined the said bill and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Campbell: With leave, now.

Hon. Mr. Reid: Next sitting of the house.

The Hon. the Speaker: At the next sitting.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Farris, for the Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 288 to 293, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Farris, for the Chairman of the Standing Committee on Divorce, presented the following bills:

Bill L-10, an Act for the relief of Natalie Wynohradnyk Wolcovitch.

Bill M-10, an Act for the relief of Joan Bechard Tutty Copeland.

Bill N-10, an Act for the relief of Georgette Mertens Herscovitch.

Bill O-10, an Act for the relief of Mary Veronica Carmichael Mosher.

Bill P-10, an Act for the relief of George Thomas LeGrow.

Bill Q-10, an Act for the relief of Marie-Reine Roy Laflamme.

Bill R-10, an Act for the relief of Gabrielle Gagne Nantel.

Bill S-10, an Act for the relief of Velma Mackland Giles Boyer.

Bill T-10, an Act for the relief of Bessie Katz Elman.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Farris: With leave, next sitting.

POST OFFICE DEPARTMENT

NON-INSTITUTION OF FIVE-DAY WEEK AT MEDICINE HAT

On the Orders of the Day:

Hon. F. W. Gershaw: Honourable senators, before the Orders of the Day are proceeded with I wish to draw the attention of the house to a move by the Post Office Department that is being regarded in some quarters as unfair discrimination. According to the list that was published in the House of Commons *Hansard* of yesterday, some of the smaller towns in Manitoba, Saskatchewan and Alberta are listed for the institution of the forty-hour week by various departments of the federal government, whereas certain larger places are not shown on the list at all. We know that the Civil Service Commission is making a continuous inquiry into these matters, but my information is that in at least one city in Alberta no such inquiry by that body was made at all. The place that I have in mind is Medicine Hat. That is a larger centre, which it seems to me should be on the government's list for the forty-hour week. The employees of practically all other large organizations in the city are on the forty-hour week, including employees of the provincial government, the city, the five banks, the clay product industries in the area, and the Canadian Pacific Railway. I draw this matter to the attention of honourable senators because a lot of unfavourable comment has been created and nothing will convince the employees of the Medicine Hat post office that they are not being discriminated against.

POST OFFICE BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Macdonald for the second reading of Bill 168, an Act to amend the Post Office Act.

Hon. T. A. Crerar: Honourable senators, this bill is a very brief, innocent-looking measure. It does not extend beyond sixteen or seventeen lines. I submit, however, that there is embedded in it a principle that is indeed of far-reaching importance. The criticism may be offered that this bill does not carry any explanation. Someone entirely lacking in imagination has set down under the heading "Explanatory Notes" a statement that is not an explanation at all. It does not give a bit of information beyond what one discovers upon reading the bill itself. It would have been useful to members of parliament had the explanatory notes contained some detailed explanation of the amount of money that is necessary to be secured, how it is proposed to secure it, and why it is necessary to secure it. That information is entirely lacking. It is true that the Leader of the Government (Hon. Mr. Macdonald) explained the purpose of this bill when he moved its second reading in this chamber. I believe the Postmaster General did likewise when explaining the bill in the other house.

Briefly, the purpose of the bill is to increase the postage rate on first-class mail. The postage on letters to be delivered within one postal area will be increased one cent for the first ounce or fraction of an ounce, and postage on letters to be delivered between cities and other communities will be increased one cent per letter. One reason we have been given for increasing these rates is that some time ago the government gave a substantial increase in salaries to civil servants, including post office employees. A second and more compelling reason given is that the Post Office Department instituted a five-day forty-hour week, which necessitated greatly increasing the department's staff in order to handle its business. The extra employees have to be paid, and consequently more money has to be found somewhere if the department is not to run at a loss. Two minor reasons were also given: an increase in the remuneration of revenue postmasters, who I believe work on a commission basis, and an increase in pay to rural mail carriers. I have no fault to find with these increases, and it may be that the increase in the civil servants' salaries was unavoidable, although I am bound to say I have some reservations as to that.

The introduction of the five-day forty-hour week is a different matter altogether. In passing, may I say, I assume that the practice which has grown up, not only in government administrative circles but also in business circles, of taking fifteen or twenty minutes off for coffee at 11 o'clock in the morning, and another fifteen or twenty minutes at 3.30 in the afternoon, will still prevail.

The difficulty is, and this is my main criticism, that the government, for the first time, so far as my knowledge goes, has put the seal of its approval on the five-day week. True, it will apply only in places where the five-day week is current in other offices or factories; but it appears to me that it will be cited all over the country as evidence that the government has given the lead in acceptance of this practice and that, consequently, it should be applied generally across the country. My opinion is that we are now in the five-day week era, in any event. But the five-day week cannot apply to every class of business or industry. For instance, how can the great industry of agriculture enjoy a five-day week? It cannot be done. The result of the trend in cities to shorter hours of work with higher pay is that the countryside is being steadily drained of its young men, who are attracted to places where the pay is higher, the hours are short and the bright lights can be found. I submit, honourable senators, that in the long-range view of the development of this country this is a matter of some importance.

Another criticism may be levelled. Much has been said recently, and a great deal more will be said, of the danger of our drifting into what is called a high-cost economy. It was different during the war. One of the evils resulting from war is the distortion in men's minds of simple, fundamental, economic things. During the war employment was at its peak; we could not be busy enough and we could not work long enough hours to produce the essential things that the emergency demanded. After the war, some fiscal experts who advise governments were very badly off base. At that time we encountered another inflationary influence, arising from a very simple cause. During the war farmers were unable to buy agricultural machinery, because it was not being made; houses were not being built; bath tubs, refrigerators and other household appliances were very scarce; and motor cars were not being manufactured for ordinary civilian use. In short, the energy of all industry was dedicated to the war effort. Then when hostilities ceased there was a huge vacuum that had to be filled with goods of all kinds.

That, of course, was essentially a seller's market: The factory owner found markets for all the goods he could produce, and he was quite willing to give labour the best possible terms of employment. As a result labour got shorter hours, fringe benefits and increases in wages, and the manufacturer naturally put the extra cost onto the price of his goods. One has only to examine the financial statements over the last number of years to see that, notwithstanding high costs

of production and high taxation, many companies have managed to make a consistent average of profits. But we should be under no delusion: all these extra costs are paid by the consumer—by you, me and everyone else who buys these products.

The point I am now making is that these conditions have changed: we are no longer in a seller's market, but are now in a buyer's market. This truth is being forcibly brought home to, for instance, agriculturists in western Canada, as well as to people in a great many other industries in this country. The factor of a high-cost economy based on high costs of production has a vital bearing on our present and future economy.

It is estimated that 25 per cent of Canada's production finds an outlet in export markets. But if we are to sell our products abroad we must be in a position to compete. That is an elementary principle. I put it to the house that we are only now entering that period in the world economy. How can Canada, the United States or Britain continue to find export markets for their products in the face of competition from countries like Germany and Japan, whose labour works sixty hours a week and, if necessary, at a lower scale of wages than we pay? The German workman, for instance, is not content to work only forty hours a week; as a matter of fact, two of the strong characteristics of the German people are their thrift and their willingness to work. They would rather work than be idle. Indeed, I venture to say that one would not find them leaving their work at eleven o'clock in the morning and four o'clock in the afternoon for coffee.

These are all factors which have a vital bearing upon our world position today. One of my main complaints about the bill now before us is that the government apparently has put its seal of approval on the five-day week. Tributes have been paid to the efficiency of the Post Office Department. My honourable friend from New Westminster (Hon. Mr. Reid) said that in his opinion the Post Office Department was efficient. The honourable senator from Cochrane (Hon. Mr. Bradette) in the excellent speech he made yesterday gave his benediction to the theory of Post Office efficiency. I submit that there is not a single senator or member of the other house who knows whether the Post Office is efficient or not. The mere fact that you are treated with courtesy when you go to collect your mail, or that the postman leaves your letters at your door or in your mailbox, is not the slightest evidence of efficiency. In my declining years and after somewhat extensive experience in public life, I would offer the opinion that there is no efficiency anywhere in government administration.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: Do not misunderstand me, honourable senators. I should explain that that statement applies to provincial as well as to federal government administration.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: Now, how do you measure efficiency in a government department? My honourable friends who are engaged in industrial activities, or in the legal profession are well aware how it is measured in a business concern. To the question, "How do you measure efficiency in an industrial organization?" you would answer, "By the balance sheet".

Hon. Mr. Barbour: The surplus.

Hon. Mr. Crerar: And if the efficiency of your organization is not such that your balance sheet measures it favourably, then, make no mistake about it, your banker will soon measure it for you.

Hon. Mr. Beaubien: How about the legal men?

Hon. Mr. Crerar: The legal men, such as my honourable friends from Toronto (Hon. Mr. Hayden and Hon. Mr. Campbell) and Vancouver South (Mr. Farris) have to be efficient, for if they are not efficient someone else will come along and take their legal business.

But a similar test cannot be applied to government departments anywhere. So to my two colleagues who have already expressed admiration for the Post Office Department I submit that we do not know whether it is efficient or not; and I will mention a few points that lead me to suspect it is not nearly as highly efficient as we have been led to believe.

I repeat, we cannot measure the efficiency of government administration by any such rule as we can apply to business. All we can do is pray that the ministers who are placed in charge of departments, from whatever party they may come, will be men of some experience and knowledge and will hold the lid down as tightly as they can. A government department cannot be run otherwise.

Hon. Mr. Barbour: May I ask the honourable senator a question? If efficiency in government cannot be measured, how can you tell that it is not efficient?

Hon. Mr. Crerar: Well, that is a poser of a minor kind. I suspect that it is not efficient when I have to dig a little bit deeper into my pocket almost every year to pay taxes to support it. I dislike anything in the nature of a personal reference, but may I say that I have had some experience in business for many years, and, I may modestly claim, with some measure of success, as my honourable friend the Leader of the Opposition (Hon. Mr. Haig) knows. I have also had some experience in government administration. Now, to determine efficiency you cannot apply to government administration the same tests that you apply to business organizations. Why? Because there are too many pressures coming in. Governments everywhere think, and naturally and perhaps properly so, that they are ordained to rule. Governments never want to become unpopular, and consequently they shrink from doing unpopular things, even when they may be the necessary and right things to do.

Hon. Mr. Bradette: Not this government.

Hon. Mr. Crerar: My point is that you cannot measure the efficiency of a government department by any ordinary business rule. Last year officials of the Post Office Department apparently had a doubt in their minds about how efficient they really were, so they engaged some outside firm, whose name I have forgotten, to go through the whole department and report to them whether they were efficient, and if not, how they could become efficient. Well now, about the last thing on earth to do is to bring outside people in to do a job of that nature. If departmental officials have the right kind of minister and deputy minister, and if the politicians leave them alone, they can become efficient in a few years time; but if they are not left alone and if they cannot become efficient without getting some advice from the outside, the improvements resulting from the advice are not going to amount to much. That is my humble view of the matter, at any rate.

Honourable senators, let me suggest a few matters in which improvement could be made. In its report made two years ago the Senate's Finance Committee recommended that the government abolish the franking privilege for government departments. My honourable friend from Cochrane (Hon. Mr. Bradette) yesterday argued against that stand, but I think it is pretty clear that if that were done and each department of government had to budget for its postage—that is to say, make an estimate for postage just as it does for salaries, fuel or anything else, and live within their budget—we would cut down, probably by fifty per cent, the amount of the printed material that streams out from the Printing Bureau in Ottawa and other bureaux all over the country.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: It would have a disciplinary effect upon departments. When some department of the public service sends a letter or document or booklet to my honourable friend in Vancouver South and he glances at it and says "That is no good", it goes to the waste-paper basket. That happens, and happens frequently. But what has been entailed by way of expense is, first, the cost of the printing; second, the cost of taking the material to the post office; third, the amount paid to the railways to haul it to Vancouver and the handling by post office officials there. My proposal is that the government put into effect a rule that departments must budget for their postage; and I suggest that would bring about an enormous reduction both in the quantity of material printed and the cost of handling it through the mails. This is, I submit, one place where the government could effect a substantial saving.

Another activity on which I trust we shall get some information when the bill goes to committee, is the Post Office Savings Bank. It is very curious—and this remark applies, for I am speaking impersonally, to governments of all political stripes—that when some custom or institution gets imbedded in the governmental system of a country it is almost impossible thereafter to get it removed. At the time it was introduced, the Post Office Savings Bank was probably justified. But today any person who wishes to deposit his savings securely has many places where he can put it. All the cost of administering the Post Office Savings Banks falls on the national revenues, and therefore on the taxpayers. Is it not worth while to consider whether the continuance of this institution is necessary?

Another classical example of what, it seems to me, is an unnecessary service is the Annuities Branch, under the Department of Labour. Since its establishment it has cost the taxpayers of this country tens of millions of dollars. It may have been desirable, many years ago, when this branch was instituted, to encourage people to buy annuities against their old age; but long since there have been plenty of avenues wherein an individual can put his money to buy annuities on terms just as favourable as those pertaining to government annuities.

Hon. Mr. Euler: No. I don't think he can, for the reason that the government pays all the costs of administration; and I believe my friend will find that the rates charged for annuities by any insurance company are higher than those charged by the government. I admit, of course, that the amount of a government annuity is limited to $1,200, whereas with an insurance company there is no limit.

Hon. Mr. Crerar: On that point I stand corrected, but I want to emphasize that the price charged for government annuities has not been sufficient to keep the fund solvent.

Hon. Mr. Euler: That is true.

Hon. Mr. Crerar: And we have paid into the fund to maintain its solvency over the last twenty-five years, tens of millions of dollars.

Hon. Mr. Haig: $250 million.

Hon. Mr. Crerar: Is that policy desirable, when plenty of opportunities are available to buy annuities elsewhere?

These instances—and they are only a few among those I could mention—I bring to the attention of my honourable friend from Prince Edward Island (Hon. Mr. Barbour) as evidence touching on the efficiency which exists in this administration.

I thought the honourable member from New Westminster (Hon. Mr. Reid), in his speech the other day, made a very good point with regard to the charges for air mail. From the data available it appears that air-mail business comprises about 25 per cent of all mail transported. To be frank, I believe the air-mail business should carry itself, and it is unsound in principle and wrong in practice to have the "mother" of whom the leader of the opposition (Hon. Mr. Haig) spoke the other day subsidize a business firm in Winnipeg or Vancouver that wants to send air-mail communications to offices farther east or west. This is a matter upon which we should get some information when the bill is in committee. I repeat that the air-mail service should stand on its own feet. The ordinary user of post office facilities should not be taxed to assist the individual who conducts his correspondence by air.

Hon. Mr. Beaubien: Will my honourable friend apply that principle to newspapers and periodicals?

Hon. Mr. Crerar: My honourable friend has just anticipated my next remark.

Hon. Mr. Beaubien: I do so because I know the honourable gentleman so well.

Hon. Mr. Crerar: That, I may say to the house, is an evidence of my honourable friend's prescience.

In speaking on the question of newspapers I am treading the edge of a precipice, because I see several newspapermen looking at me. But it is not denied that newspapers are carried below cost. I say that without at the moment arguing whether this is justifiable or not. The other day my honourable friend from Kingston (Hon. Mr. Davies) made a very good argument to the effect that what is done is not a subsidy to the newspapers, but a subsidy to the subscribers.

Hon. Mr. Euler: And to the advertisers.

Hon. Mr. Crerar: Yes, I suppose it could be considered as also a subsidy to the advertisers; because, I assume, if newspapers had to pay a higher postage rate they would do two things: they would increase the price to their subscribers, which naturally they do not want to do; and they would raise their advertising rates, which might be a very difficult thing to do.

Hon. Mr. Davies: Shame!

Hon. Mr. Crerar: At any rate, a heavy loss is incurred through this service by the department. Has there been any examination to find out whether some of this cost could be recovered? I do not know. But questions such as these should certainly be explored in committee.

Honourable senators have been more than patient, and I am about to conclude. A few days ago the main estimates were brought down. They totalled almost $4½ billion, but contained no provision for old age security, which it is estimated will amount to $355 million. If current newspaper reports are correct, the old age security fund is at present in debt to the treasury to the extent of about $150 million. When the 2-2-2 formula was put into effect it was thought that within a year or so it would meet the cost of providing old age security, but that theory is proving to be wholly incorrect. That deficit of $150 million has to be made up somehow. Perhaps the government will increase the old age security tax. It may even raise the contribution of honourable senators and other income tax payers to 3 per cent of their income. Perhaps it may be decided to take a little more out of the sales tax and apply it to old age security, which, of course, would reduce the revenue from the sales tax for ordinary purposes.

Let us look at the facts. According to the Blue Book there is an increase of approximately $70 million in the main estimates over last year. I would direct your attention to the fact that defence estimates are down $92 million, and Defence Production estimates are down $35 million.

Hon. Mr. Euler: But the supplementary estimates are still to come down.

Hon. Mr. Crerar: Yes, not only the supplementaries for the next fiscal year, but before March 31 we shall have a batch of supplementaries to take care of over-spending during the present fiscal year. I want to approach this subject wholly objectively. Just look at the spending of our provincial governments. The honourable senator from Bedford (Hon. Mr. Nicol) is a member of the Quebec Legislative Council, and I hasten to say that I have no criticism to make of that legislature or any other. But the fact is that all provincial government expenditures are going up. If we take expenditures at all levels of government in this country it will be seen that we are spending more than one-third of our net national income in taxes. We just shrug our shoulders and say with a smile "What of it?" In good times, when we were drinking the perfumed waters of inflation, everything was going well, but that state of affairs could not go on for ever. We are endeavouring now to reach a stable level somewhere, and I submit no country can take one-third or more of its net national product in taxes and keep going ahead. These are facts about which we do not think, but they are vital and important.

Honourable senators, the time has come when we should give serious consideration to all the fringe benefits that industry everywhere is seeking—increased wages, the forty-hour five-day week, and so on—if we are going to have any regard for the future of this country and for posterity.

Some Hon. Senators: Hear, hear.

Hon. Salter A. Hayden: Honourable senators, I had not intended to take part in this debate, for the only information I have about the legislation is what I have read in *Hansard*; but I have been prompted to rise after listening to the speech of the honourable senator from Churchill (Hon. Mr. Crerar). He made many interesting comments, some dealing with the bill itself and others dealing with the rather broad field of government operation, including the question whether it is possible for governments to operate economically. Let me say at the outset that I am prepared to accept my friend as a *quasi* expert in the field of government departmental administration. He might deny this statement, but he was always recognized as a capable and efficient administrator of any government department under his charge during his long period of public service.

Some Hon. Senators: Hear, hear.

Hon. Mr. Hayden: That is why I felt my friend was painting with a much broader line than he really intended when he gave utterance to the expression that there is no efficiency anywhere in government administration.

Hon. Mr. Crerar: My friend is putting words in my mouth. What I said was that you cannot attain the same efficiency in government administration that you can in private administration.

Hon. Mr. Hayden: If my friend were permitted to make his speech all over again that is the expression he would use, and I was going to suggest that that is the expression he intended to use. However, I repeat that that is not the expression he did use, for I took down his exact words and said to myself that there must be some qualification of his statement. While perhaps it can be said that government departments are not as efficient as industries in performing certain services, it does not necessarily follow that either group is inefficient. To say that one is more efficient than the other is entirely different from saying that one is inefficient. My limited experience does not permit me to say whether or not our Post Office service is efficient, but I always gathered that postal service is one service that our people demand. Despite the cost, they want the best and most rapid postal delivery service available.

I want to refer to the main points made by the honourable senator from Churchill, and then comment briefly on his broad dissertation on the question of efficiency. The best reason in the world I can think of for increasing postal rates is to raise the necessary funds to pay for the service. I can see no reason why the people of Canada should contribute taxes for the provision of a postal service. I think the proper basis upon which to proceed is that those using the service should pay for it and, therefore, if the cost of operation justifies an increase in rates, the increase must be put into effect. In my own thinking I cannot justify a subsidy for postal rates at any time; I think the service should bear its own charge.

The only question upon which there may be some doubt is whether or not the postal organization has become over-built to provide the daily delivery service—and twice-daily delivery in some places—that the public are clamouring for. To determine that question would require a very careful and minute examination of the organization of the Post Office Department. With all due respect I do not think we are at present equipped to make such an examination, or that one is needed, unless there should be some major breakdown in the efficiency we see manifested from day to day in the operation of the service.

I am prepared to take it that the estimates which have been made represent the amount of money needed to give adequate postal service to the people of Canada in the coming year. Having accepted that proposition, I am forced to the conclusion that if the present service warrants an increase in rates, the people benefiting from the service should pay it. I see no reason for dipping into the Consolidated Revenue Fund, or for taxing me, because some person writes and mails more letters than I do.

I am quite sure we are not going to be priced out of world markets by reason of these proposed increases in postal rates. If we have been or are being priced out of world markets it is because an infinite number of other things have so increased in price that we cannot pay for them and continue to produce on a competitive basis. Ultimately those things will take care of themselves, because when times are good and there is the sellers' market that my honourable friend was talking about, goods will sell themselves; for when people have the money they keep on buying goods. But there comes a day of reckoning, when the dollars required to obtain goods or services look so large in relation to the time and effort necessary to earn those dollars that people think twice about spending them; and if that attitude on the part of the purchasing public becomes general the country suffers from a "buyers' strike". That is the way any adjustment is made in our so-called high-priced economy. It is not achieved by any general statement that the Post Office Department is inefficient and should not be permitted to increase the rates.

Hon. Mr. Haig: Before my honourable friend continues, may I ask him a question? I am perturbed about only one thing. He said that the people who benefit from the service ought to pay for it. Am I right?

Hon. Mr. Hayden: Yes.

Hon. Mr. Haig: But are not the users of first-class mail service "paying the shot" or part of it for those who use the second-class mail?

Hon. Mr. Hayden: That is a matter of policy, and if enough members of parliament think that the method of distributing postal costs should be changed, and are vocal enough, it will be changed.

Hon. Mr. Farris: Why shift from principle to policy?

Hon. Mr. Hayden: At the moment, what I am discussing is the basic principle of this bill. The Post Office Department has an organization that costs a certain amount of money in a year. That money must be provided. Whether within the framework of the distribution of the costs a sufficient charge is not made against some items and too great a charge is made against other items is a question of policy. I am not prepared to engage in a discussion as to whether the cost of mailing a newspaper should be so many cents, and of a letter so many cents. Those are details that can be studied if the bill goes to committee. I am dealing with what I consider to be the basic principle of the bill. I say that the people who get the benefit of the service should pay for it—distribute the costs any way you like.

Hon. Mr. Lambert: Does my honourable friend think that is the basic principle of this bill?

Hon. Mr. Hayden: Yes, I would say it is the basic principle of this bill, because as I see it the cost of the service this year against the revenues available at present rates would produce a deficit. On that basis more money is needed.

Hon. Mr. Lambert: But you have not examined the basis of that.

Hon. Mr. Hayden: No, and I do not intend to do so on the second reading of the bill.

Hon. Mr. Lambert: I am not surprised.

Hon. Mr. Hayden: I would be surprised if my honourable friend expected me to do so.

So far as the five-day week for postal service employees in certain areas is concerned, if the government recognizes the five-day week as a principle, even to a limited extent, it is merely following a pattern that has already been well developed in industry and commerce.

Hon. Mr. Euler: I do not like to interrupt my friend, but I understand that he has laid down the principle that the people who use the service provided by the Post Office Department should pay for it. I am inclined to agree with him. But was it not stated here a few days ago by the senator from New Westminster (Hon. Mr. Reid), that second-class mail produces a loss of something like $15 million?

Hon. Mr. Reid: A loss of $15 million on second-class mail alone last year

Hon. Mr. Euler: Therefore, on the basis of the principle the senator from Toronto (Hon. Mr. Hayden) has laid down, the rate for second-class mail should be increased to take care of the deficit.

Hon. Mr. Hayden: I do not know whether that is a statement or a question. I will assume that it is a question.

Hon. Mr. Euler: Perhaps it is both.

Hon. Mr. Hayden: Well, I suspect it is a statement with a question mark at the end! I will answer my honourable friend in this way: Suppose we start out with an estimate of the cost of giving service this year, and on the basis of the revenue the department will be short so much money. That money has to be provided. In principle, the money should come from the people who get the service. My honourable friend says, "Is it not a matter of principle that you should increase the cost of second-class mail rather than first-class mail?" I say it is a matter of policy. My friend may agree or disagree with me as he likes, but I say that the principle of this bill is to provide for a sufficient increase in the revenues of the Post Office Department to enable it to give the service without a deficit.

Hon. Mr. Crerar: May I ask the honourable member a question? If in a year or two from now the Post Office Department should have a deficit, and say, "Since we must pay our way we are going to ask parliament to authorize another increase of a cent or two cents," what would my honourable friend say to that?

Hon. Mr. Hayden: I am not going to be talked into discussing what might happen in the future, because we do not now know what the contingencies will be. Frankly, I do not know what my position would be, under different circumstances, next year or the year after, but I would try to be logical in my conclusions, based on the facts placed before me. What I am dealing with now is the principle of this bill on its second reading, and I do not propose to wander as far afield as my honourable friend did in his discussion of the efficiency and inefficiency of government services.

In my opinion the working efficiency of Canadians is not going to be unduly affected by the five-day week. I do not think passage of this bill will result in a tremendous and overwhelming pressure for a five-day week from all industry, from all who are providing services in Canada and do not now enjoy the five-day week.

If the government is not prepared to recognize the five-day week in those areas where it does now exist I would expect it would have difficulty in obtaining the necessary staff to provide proper service. That may be the impelling reason for recognizing the shorter week in certain places. Nevertheless, I do not foresee the awful consequences which it is suggested might flow from the contemplated adoption by the Post Office Department of the five-day week. In other words, I do not think the government is carrying the banner of a five-day week at the head of the parade; rather, I think it is toward the tail end of a procession that has been going on for a long time.

As to the question of inefficiency raised by my honourable friend from Churchill (Hon. Mr. Crerar), and his suggestion that higher taxation indicates inefficiency, in my view that does not follow at all. I am sure that during the period when my friend was supervising expenditures of a department under his administration the estimates increased year after year by reason of the necessity for providing more in the way of staff and services, because of the growth and expansion of the department and the services required of it. Obviously, the only way a government can get revenue to provide services is by taxation. The alternative, of course, is to freeze the tax level and cut down the expenses of administration to that base. But I do not think that any government would subscribe to that policy, particularly for the reason that no government can say, any more than any business can say, we will operate on a static basis and regardless of the scope of operations and the demands made upon us, we will spend this much and no more.

Whether the decision to expand services was good or bad, I am not discussing that at the present moment; but as a general principle I say that increases in taxation are no evidence of inefficiency in public administration.

As an illustration of increased services, I might mention that a few years ago we saw fit to provide certain social security measures, including universal old age pensions, which I am sure my honourable friend supported. We knew that we would have to find more money to meet these obligations, and once we sanctioned the legislation we had to provide means by which revenue would become available to the government to take care of them.

Within the past few years we have had a large defence program by reason of the emergency which existed, and as a result of additional expenditures in that respect the government had to levy increased taxation. So long as the public are clamouring for additional services—and they are now asking for further unemployment benefits and hospital services—and so long as members of parliament support those demands—and I am not criticizing them for doing so—we must of necessity find the money by way of taxation to meet the expenditures. If opposed

to that principle, you must not conclude that the government is hopelessly inefficient and wasting money on services, and that by reducing services and introducing more efficiency a sufficient amount of money would be saved to provide additional services required in other fields. Because governments are human agencies there is bound to be some inefficiency, but I do not think that even the honourable senator from Churchill (Hon. Mr. Crerar) would suggest there is inefficiency throughout the administration. True, some departments operate by long division instead of short division, but that is because they have become attached to certain procedures. I do not think any savings which could be brought about could finance the increased demands made on the public purse as a result of legislation of the past few years which gives greater public and social services for the comfort and safety of Canada.

Honourable senators, I had not intended to say anything about annuities, but my friend suggested that the Annuities Branch of the Department of Labour is inefficient because it does not pay its way. I think it is safe to say that the original purpose in forming the Annuities Branch was to provide a place where people of limited means could arrange for an inexpensive annuity against their declining years. The maximum amount of an annuity is, I think, $1,200.

It may be that because of changed conditions the Annuities Branch is now entirely unnecessary, but that is not the subject-matter of this bill. If conditions have so changed that it becomes necessary to dispense with that branch, the matter can be discussed under some other measure. In my humble opinion, we are now considering simply whether the money asked for is needed to maintain the postal services. Clearly, as a basic principle in my book, we should not charge the public purse of Canada for one cent of the expenditure incurred in providing those services.

Some Hon. Senators: Hear, hear.

Hon. A. K. Hugessen: Honourable senators, like the honourable senator from Toronto (Hon. Mr. Hayden), I had not intended to say anything about this bill; but I am sorry to say that the discussion which I listened to last evening, and again this afternoon, has introduced into my mind certain ideas which I feel I shall have to inflict upon my honourable friends.

Basically, it seems to me this bill is a very simple one. But before I proceed with my remarks may I say that I fully agree with my honourable friend from Toronto that the cost of postal services should be met by the people who use them.

What is the position as disclosed in the speech made by the honourable leader (Hon. Mr. Macdonald) the other day? The postal department is faced with a probable deficit for the current year of approximately $14 million; and this bill proposes to increase certain of the present postal rates to realize approximately $15 million. The various items of which that deficit is made up are roughly these: first, increases in the salaries of employees of the Post Office Department, which are along the same lines and in the same categories as increases in salaries of all the civil servants of this country. With regard to that proposal I have heard no objection and I do not think there can be any.

The second item is an expenditure of about $1·5 million to cover higher payments for rural mail deliveries. I do not think any member of this house would quarrel with that suggestion. I have not much experience with rural mail deliveries, but the experience I have had over the past few years has led me to believe that in many cases it has been difficult, if not impossible, to establish rural mail delivery routes in parts of the country where they should be established, owing to the fact that the government has been unable to offer sufficient inducements to make a rural mail-carrying contract attractive to anybody in the district. I have heard no criticism of this proposed additional expenditure of $1·5 million.

The third proposal, the one which has caused some discussion and met with a great deal of criticism from my good friend the senator from Churchill (Hon. Mr. Crerar), is the expenditure of about $7 million in instituting the five-day forty-hour week for Post Office Department employees in those parts of Canada where the five-day forty-hour week is normally in operation at the present time. I must say that I differ with my friend from Churchill (Hon. Mr. Crerar), for I rather welcome the proposal that the employees of the Post Office Department be put in the same category as industrial and other employees in those parts of Canada. I thought I detected in the speech of my honourable friend from Churchill evidences of that tendency which I am afraid is very prevalent amongst us as we advance in years —I am not free from it myself—to go back, as it were, to the days of our youth, to put on rose-coloured spectacles and to think that things were so much better when we were younger than they are today. I try to resist that tendency in my advancing years, and I hope my honourable friend from Churchill will do the same. After all, it is a tendency which has been in existence from the beginning of recorded history. Some honourable senators may perhaps recall the history

of ancient Rome and of the time—I think it was in the days of Cicero—when there was an old senator who was constantly making speeches about the degeneracy of his times, and how very much better things were thirty or forty years previous when Plancus was consul.

The expression *Consule Planco*—when Plancus was consul—came to be used as an epitome of the belief that the past was better than the present. Well, now, thinking of that old Roman senator of 2,000 years ago, I could not help feeling that if my honourable friend from Churchill wore a toga and had a wreath of laurels around his brow, he would look even more distingushed and impressive than he does in his present attire. I try to resist this tendency to believe that the old days were better than the present and I think the way to keep young, at least mentally, is to try to keep abreast of the modern developments we see around us.

Hon. Mr. Aseltine: What happened to Rome and the Romans? They did not accept a warning.

Hon. Mr. Hugessen: I think it was 500 years after the time I mentioned that Rome fell, so there was a certain period of time in between.

I appeal to my honourable friend from Churchill, let us not become old mossbacks together, but let us keep abreast of the times.

In connection with this forty-hour, five-day week, my suggestion to the house is this: in essence it is a dividend which the people of this country, along with the people of most of the advanced industrial countries of the world, are—very properly—receiving through the scientific and technological developments which have taken place in the last twenty-five years. We have machines now to do the work of men. Machines are doing all the hard physical labour which men used to do, and more and more of the technical work which men used to have to do. As a consequence, and a very natural and logical and laudable consequence, man is enjoying more leisure than he ever had before. The development of which I have spoken is really the basic reason why we have this five-day, forty-hour week.

Look at it from another and perhaps more personal point of view. It means that very large segments of the people of this country are getting more leisure than they ever had before. They have two days a week at home instead of one day or one and a half days. For the life of me I cannot see any objection to that. I think it is an admirable thing. I have sufficient confidence in the ordinary average Canadian—if indeed such an animal exists—to believe that he will use wisely the additional leisure which an extra day at home gives him. He will spend more time with his family, his children. He will have more time to do those innumerable jobs of carpentry and painting around the house which his wife has been asking him for a long time to do. He will spend a lot of time gardening or digging or building a boat or fishing or doing any one of those innumerable things which become the hobbies of mankind, and which mankind treats as a relief from the burden and the drudgery of ordinary labour.

I have had some slight experience of the introduction of the five-day week and its application to the law firms of this country over the past two or three years. I think it will be found that the great majority of the larger firms, both in Canada and the United States, are now closed down tight on Saturday mornings. We of the profession of the law have received the benefit of the five-day week—I fear, some time after great numbers of industrial employees, but we have received it—and my experience, for what it may be worth, is that a man works better five days a week out of seven than he does five and a half or six days a week out of seven. That is my feeling about the introduction of the five-day, forty-hour week, and that is one of the reasons why I support this bill.

In his speech the other evening, the honourable Leader of the Opposition (Hon. Mr. Haig) said that he was opposed to any increase of the postal rates. I submit to him that that of itself is not a very helpful sort of statement. If he had added that he was against any increase of the postal rates because he did not believe in any increase of salaries of postal employees, or in the introduction of the five-day, forty-hour week, that would have been logical enough. But he did not say that.

Hon. Mr. Haig: Just a minute. The five-day week was not announced in the other house until the day before yesterday.

Hon. Mr. Hugessen: Oh, yes.

Hon. Mr. Macdonald: I set forth quite clearly in my remarks that the increased rates were required because of the five-day week.

Hon. Mr. Hugessen: Looking at this matter in the broadest possible light, I cannot see any injustice, nor any serious disadvantage, in increasing the postal rate on letters from, say, four to five cents. If honourable members will take their minds back to the postal rates which were in existence in this country twenty years ago and compare them with what they are today, they will realize that postal rates have not increased in anything

like the proportion or the percentage that practically every other economic index one can find—wages, cost of living, everything else—has increased. My feeling is that this proposed increase in the postal rates is fully justified, not only for the particular reason that it is designed to meet the additional expenditures that have been mentioned, and of which I cordially approve, but because it will bring the postal rates of this country more into line with the other classes of expenditures which our citizens normally have to meet.

Some Hon. Senators: Hear, hear.

Hon. W. Ross Macdonald: Honourable senators, perhaps I may be permitted to close the debate.

The Hon. the Speaker: I would draw the attention of honourable senators to the fact that if the honourable Leader of the Government (Hon. Mr. Macdonald) speaks, he will close the debate.

Hon. Mr. Macdonald: Honourable senators, in closing the debate I can make one statement with which, I think, all honourable senators will be in accord; that is, that we have had a very interesting and enlightening discussion of this bill. Every speech which has been made has given the house some information on the question of the administration of the Post Office Department, and the various honourable senators who have spoken have expressed their views on the efficiency or otherwise of this department. Also there has been some debate, in which I do not intend to take part, of whether a five-day week is advisable. Opinions on both sides of the question have been expressed in the discussion this afternoon. I was interested in hearing the honourable senator from Churchill (Hon. Mr. Crerar) say that the government, by introducing a five-day week, is giving a lead, whereas a few minutes earlier the honourable senator from Medicine Hat (Hon. Mr. Gershaw) was complaining that the government was not giving the lead in this direction in the district from which he comes. I think it is quite clear that the government is conforming to the five-day week system in those communities where it is the practice at the present time.

I am not now going into a general discussion of the whole question of government administration—whether this or that department or branch is operating efficiently, or whether, for instance, the Annuities Branch of the Department of Labour is necessary. That is not the issue. There is only one issue before us at this time, and that is whether the postage rate should be increased on first-class mail. I am sure all honourable members have come to the conclusion that such an increase is necessary, for if it is not put into effect the Post Office Department will suffer a deficit of $14,500,000 this year. The principle of the bill is that the department shall be enabled to balance its budget. Some members think the existing deficit should be dealt with in one way, and some in another, and it seems to me that this whole question should be fully discussed in committee. Surely the house wants more information before deciding whether this is the method by which the sum of $14,500,000 should be raised. Without any further remarks I am going to ask that the bill be given second reading now, and if this is done I intend to move that it be referred to the Standing Committee on Transport and Communications, where officials of the Post Office Department can be called to provide honourable senators with whatever information they desire. In concluding my remarks I wish to thank all honourable members who have contributed to this debate.

The Hon. the Speaker: Honourable senators, the question is on the motion of Hon. Mr. Macdonald, seconded by Hon. Mr. Lambert, for the second reading of Bill 168, intituled "An Act to amend the Post Office Act". Is it your pleasure to adopt the motion?

Hon. Mr. Haig: On division.

The motion was agreed to, and the bill was read the second time, on division.

REFERRED TO COMMITTEE

Hon. Mr. Macdonald: Honourable senators, I move that this bill be referred to the Standing Committee on Transport and Communications.

Hon. Mr. Haig: May I say a word at this time? Would the Leader of the Government (Hon. Mr. Macdonald) be agreeable to arranging for a special meeting of this committee on Tuesday morning next to decide what witnesses the committee should call? It may be that one departmental official is better qualified than others to give information about second-class mail, and another about the savings bank branch, and so on. Perhaps it will be necessary to ask the Deputy Minister of the Post Office Deparment to advise us as to which officials we should call.

Hon. Mr. Macdonald: It is impossible for me to say when the departmental officials will be available to appear before the committee. I believe it is customary for the party whips to decide on suitable dates for committee meetings after they have ascertained when the officials will be available. I am sure that the whips will take notice of

what the honourable Leader of the Opposition (Hon. Mr. Haig) has said and will endeavour to arrange a meeting as soon as possible.

On motion of Hon. Mr. Macdonald, the bill was referred to the Standing Committee on Transport and Communications.

PRIVATE BILL

NIAGARA GAS TRANSMISSION LIMITED— SECOND READING

Hon. John J. Connolly moved the second reading of Bill D-10, an Act to authorize Niagara Gas Transmission Limited to construct, own and operate an extra-provincial pipe line.

He said: Honourable senators, in moving the second reading of this bill it might be of interest if I first said something of the project that is proposed to be undertaken. Niagara Gas Transmission Limited, an Ontario company, proposes to construct and operate a pipe line to transport natural gas from the international boundary in the Niagara river to the environs of the city of Toronto. There, the gas will be delivered into the distribution system of Consumers' Gas Company of Toronto, which is the sole supplier and distributor of gas in the Toronto area. The gas to be supplied by Niagara to Consumers' at the city gate in Toronto will come from Louisiana and Texas. It will be transported from the southern gas fields to the international boundary, under contract, through the pipe line system of Tennessee Gas Transmission Company. While it is in transit the gas will be the property of Niagara Gas Transmission Limited, and the Tennessee company shall be the carrier only, but will also provide whatever storage facilities are required.

I may say that the line in contemplation is about 75 miles in length, and that the project is to cost in the neighbourhood of $7 million.

Niagara Gas Transmission Limited has entered into contracts with various companies for the purchase of gas in southern United States. These companies and the contracts they have are with: The Marine Gathering Company, Phillips Petroleum Company, and Kerr-McGee Oil Industries Inc., and Phillips Petroleum Company jointly.

An order was made by the Federal Power Commission in Washington, D.C., under date of August 27, 1953, and issued on September 1, 1953, whereby Niagara Gas Transmission Limited and Tennessee Gas Transmission Company were authorized to export to Ontario up to 22,600 million cubic feet of natural gas per annum, and a Presidential permit confirming this order has also been issued. Honourable senators, that is the project.

Hon. Mr. Euler: May I interrupt my honourable friend to ask him a question? He has spoken of the permission that has been given by the United States authorities to export. Has some other provision already been authorized by our federal government to provide for the importation of gas into Canada? I believe the federal government has jurisdiction over that.

Hon. Mr. Connolly: Yes, the federal government has such jurisdiction. The application, if required, however, cannot be made until such time as the company is authorized to act in accordance with this bill.

Hon. Mr. Euler: There is no assurance at the moment?

Hon. Mr. Connolly: No, there is no assurance of which I am aware at the moment.

Honourable senators, as this bill is somewhat different from bills providing for the incorporation by parliament of pipe line companies, I think something should be said at this stage about the legal position here.

Niagara Gas Transmission Limited was incorporated by Letters Patent of the province of Ontario, dated September 11, 1950. It has certain charter powers, and it might be a matter of convenience to honourable senators who are interested in these powers if I were to have them appear in *Hansard*. The powers contained in this charter are as follows:

(a) To construct, purchase, take on lease or otherwise acquire and to own, hold, maintain, develop, manage, operate, lease, mortgage, encumber, sell, convey or otherwise dispose of and turn to account pipe lines and pipe line systems and all pumps, pumping stations, structures, works, facilities, tanks, transmission lines, machinery, equipment and appurtenances relating thereto;

(b) To purchase, import or otherwise acquire and take delivery of and to process, store, transport, carry, sell, supply, deliver, distribute and otherwise dispose of and deal with natural and artificial gas and other gaseous or liquid hydrocarbons and other substances; and

(c) To take on lease or otherwise acquire, own, hold, sell, assign, lease, exchange or otherwise dispose of or deal with lands, easements, franchises, privileges and interests in or pertaining to lands and real and personal property of all kinds.

These powers are practically identical with the powers which have been granted to pipe line companies incorporated by Act of Parliament of Canada. Reference, if necessary can be made to the Statutes of Canada, 1949, 13 George VI, Vol. 1, 1st. sess. Pt. II. If honourable senators would care to look at section 6 of almost any of the acts incorporating pipe line companies, such as Interprovincial Pipe Line Company, at page 51, or

Trans-Northern Pipe Line Company, at page 61, or West Coast Transmission Company, at page 67, they will see that the powers contained in the act incorporating the applicant company here are practically word for word with the type of powers granted by the Canadian parliament.

Hon. Mr. Isnor: Are those all Canadian companies?

Hon. Mr. Connolly: All the companies I have mentioned have been incorporated by Act of Parliament of Canada.

Hon. Mr. Isnor: And this is an American company?

Hon. Mr. Connolly: If my honourable friend will allow me, I will explain exactly what the shareholding position is.

The application made by Niagara Gas Transmision Limited is made pursuant to Section 2 of The Pipe Lines Act, Chapter 20 of the Statutes of Canada, 1949, page 101. The company seeks to qualify itself as a "company" within the meaning of section 2(b) of the original Pipe Lines Act and section 2(cc). Section 2 defines the word "company":

> "company" means a person having authority under a Special Act to construct or operate pipe lines for the transportation of oil or gas."

Section 2(cc) of the same act, as amended by this parliament in the present session, defines "extra-provincial pipe line", as follows:

> "extra-provincial pipe line" means a pipe line for the transportation of oil or gas connecting a province with any other or others of the provinces, or extending beyond the limits of a province, and includes all branches, extensions, tanks, reservoirs, pumps, racks, loading facilities, interstation systems of communication by telephone, telegraph or radio, and property real and personal and works connected therewith.

The company also seeks to avoid the prohibition contained in section 10(a) of the Pipe Lines Act, as amended by this parliament this session. Section 10(a) reads in part:

> No person, other than a person having authority under a Special Act to construct or operate pipe lines for the transportation of oil or gas, shall construct or operate an extra-provincial pipe line . . .

Honourable senators, this is a line that falls within the category of an extra-provincial pipe line, and the purpose of the application to parliament by the company is to enable it to have parliamentary authority to qualify as a pipe line within the meaning of the sections of the Pipe Lines Act I have just cited.

Hon. Mr. Reid: May I ask a question? Regarding the production of the gas or oil itself, quite apart from the operation of the pipe line, have the provincial authorities any jurisdiction over the importation of the gas or oil, that is, as it is applied to the federal field?

Hon. Mr. Connolly: I would think that would only apply to the federal authorities.

Now, may I say this: If the bill is passed, it will constitute authority for the company to take advantage of the provisions of the general Pipe Lines Act, and to go to the Board of Transport Commissioners and to other federal authorities, for the purpose of getting the necessary permits to proceed with this project. I do not think I need to elaborate on that point. The bill as it is proposed now does not authorize a company to proceed with the project. It must acquire the powers necessary from the authorities before proceeding.

I am assured by counsel versed in the intricacies of the law touching this matter, including the learned counsel of the Senate, that the application is a proper one in every respect of the law.

There is another compelling reason why the application should be made in its present form, namely, by the company incorporated under the laws of Ontario. The permit which was granted by the Federal Power Commission at Washington to export natural gas from the United States to Canada was granted to Niagara Gas Transmission Limited, the corporation incorporated by letters patent of the province of Ontario along with the Tennessee company. The authority which the Ontario company, in its own name, acquired from the Federal Power Commission is a valuable authority, and it would be a burden upon the company to require it now to seek an amended authority in the name of another company, if it be proposed that another company be incorporated by parliament.

I do not propose to supply in detail the particulars of the order of the Federal Power Commission. Those details will be available at committee stage. May I say that if second reading is given to the bill I believe it would be appropriate for it to go to the Standing Committee on Transport and Communications, where such details, and others, can be secured for the information of honourable senators.

May I say a word about the financial arrangements? This will answer one of the questions raised by the honourable senator from Halifax (Hon. Mr. Isnor). Niagara Gas Transmission Limited, an Ontario company, by its charter has an authorized capital of 400,000 shares of a par value of $5 each, of which 40,000 have been issued and fully paid. Of the issued share capital, 65 per cent

is owned by Consumers' Gas Company of Toronto, and 35 per cent is owned by Tennessee Gas Transmission Company. The Corporation of the City of Toronto is a shareholder of the Consumers' Gas Company. Any additional capital to be subscribed shall be subscribed by existing shareholders in the same ratio as their present holdings, namely, 65 per cent for Consumers' Gas Company and 35 per cent for Tennessee Gas Transmission Company. The balance of the funds required to complete the enterprise, it is hoped and expected, will be realized from the sale of debt securities like bonds and debentures. I am informed that the financial arrangements proposed are satisfactory and adequate for the purpose of the company. This is also a matter which might well be investigated if the bill goes to committee.

There is one more point I should perhaps mention. As honourable senators know, there has been considerable public discussion about a project to bring natural gas from western Canada to Ontario and Quebec, and government policy has already taken fairly definite shape on this point. It is expected that the American gas which would reach Toronto through this project would come very much sooner than the Trans-Canada line can be completed. The industrial and domestic facilities required for the use of American natural gas in the Toronto area would be available for the natural gas from western Canada, when it reaches Toronto, and if this project proceeds they would be installed in anticipation of its arrival. I am informed, moreover, that the importation of American gas will be subject to a back-off agreement as gas from western Canada becomes available and is substituted therefor in the territory now served by Consumers' Gas Company. The terms and conditions of this back-off agreement again are matters which I think the committee might well want to investigate.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Connolly, the bill was referred to the Standing Committee on Transport and Communications.

PRIVATE BILL

DOMINION FIRE INSURANCE COMPANY— SECOND READING

Hon. G. P. Campbell moved the second reading of Bill K-10, an Act respecting The Dominion Fire Insurance Company.

He said: Honourable senators, this is a simple bill, asking that the name of the company be changed from The Dominion Fire Insurance Company to The Dominion Insurance Company.

The company in question was formed in 1904 and has for a number of years carried on an insurance business, principally related to fire insurance; but in the latter years it has written other forms of insurance, and has now reached the stage where the majority of its insurance in force is other than fire. It is for that reason that the company now desires to eliminate from its name the word "fire".

I should say to honourable senators that since being asked to sponsor this bill I have learned that there is some objection to the proposed name. The representatives of certain companies feel that if the name is changed to The Dominion Insurance Company there will be a conflict with other companies of a similar name. I am suggesting, therefore, that that matter be most carefully investigated when the bill goes to committee. I know that one company, The Dominion Life Assurance Company, which has been in existence for a number of years, feels that the proposed name would conflict with its own.

I would suggest, honourable senators, that when this bill has received second reading it be referred to the Standing Committee on Miscellaneous Private Bills, where representatives of opposing companies can appear and state their position, and all other interested parties, including the Department of Insurance, can be represented.

Hon. W. D. Euler: Honourable senators, had it not been for a partial explanation of a problem arising out of this bill by the sponsor of the bill, the senator from Toronto (Hon. Mr. Campbell), I should certainly be obliged to take strong exception to it as it now stands.

The applicant company, The Dominion Fire Insurance Company, has I think been operating pretty largely as a fire insurance company; but apparently through the years it has developed other lines of insurance to the point where it now feels that its name as a fire insurance company does not adequately describe its activities. With the desire to change the name I have no fault to find; but when I learned two weeks ago from the solicitors for the company that they propose merely to drop the word "fire" from the name and that it be known as The Dominion Insurance Company, I felt I would have to oppose the bill.

In the city of Waterloo we have the head office of The Dominion Life Assurance Company; and while I do not think it is the

intention of the company now making application to enter the life insurance field I am certain there would be some confusion in the mail going to the two companies: letters intended for The Dominion Insurance Company would go to The Dominion Life Assurance Company, and *vice versa*. It is for that reason and others that The Dominion Life Assurance Company objected to the proposed new name "The Dominion Insurance Company".

When the matter came before our Waterloo company we made formal objection to it, and I am quite sure that the Superintendent of Insurance is in sympathy with the objection taken. The superintendent wrote to The Dominion Life Assurance Company asking their opinion with regard to the proposed change, and the board of that company suggested an alternative name be chosen. Some correspondence followed, and finally, I think upon the suggestion of the superintendent, it was proposed that the name be changed to "The Dominion Insurance Corporation" instead of "The Dominion Insurance Company". When that suggestion was passed on from the General Manager of The Dominion Fire Insurance Company to the General Manager of The Dominion Life Assurance Company, the board of the latter company discussed it and felt that under the circumstances there was sufficient difference between the names to avoid confusion in the public mind, and they withdrew their objection to the bill.

I fancy that the acceptance of the suggested change has not yet reached the General Manager of the company making application for this bill. If there is any insistence on changing the name to that set out in the bill, I would most certainly have to object to its second reading; but if there is more or less an understanding, as I think there is, that the bill be amended in committee—and I think it should go to the Banking and Commerce Committee—to make the proposed name "The Dominion Insurance Corporation" instead of the "The Dominion Insurance Company", I have no objection to the bill being given second reading.

In conclusion I would make one other suggestion, that in future no companies of a more or less public nature should be permitted to use the name "Dominion", because I think there is somewhat of an assumption by the public that when that name is used—and I am speaking now of such companies as The Dominion Life Assurance Company, of which I happen to be a director—the government is behind the company. I would venture to say that if The Dominion Life Assurance Company came to parliament today to ask for a charter under its present name, that name would not be approved. The same may be said of The Dominion Bank. I think an inference may be drawn by the general public that the government of Canada, the Dominion of Canada, is behind that company.

Hon. Mr. Macdonald: It is the Government of Canada now.

Hon. Mr. Euler: I know, but there are a lot of people who still think of it as the Dominion of Canada. I just throw out that suggestion as an opinion of my own. There are plenty of words in the English language, and anyone who wishes to select a name to describe the activities of a company certainly ought to be able to find one that does not contain that word "Dominion".

Hon. Mr. Davies: Where is the head office of The Dominion Fire Insurance Company?

Hon. Mr. Campbell: Toronto.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Campbell the bill was referred to the Standing Committee on Banking and Commerce.

EXPLOSIVES BILL

COMMONS AMENDMENTS—CONSIDERATION STANDS

The Senate proceeded to the consideration of the amendments made by the House of Commons to Bill C, an Act to amend the Explosives Act.

Hon. Mr. Lambert moved that the amendments be concurred in.

He said: Honourable senators, I have a marked copy of the bill showing the amendments as reported in yesterdays *Minutes of the Proceedings*. I consulted the Law Clerk of the Senate, who assured me that the verbal changes that have been made in the text of the bill as passed by this house in no way alters the substance or meaning of the bill, so I have no hesitation in moving concurrence in the amendments.

Hon. Gordon B. Isnor: Honourable senators, this bill, as I recall it, was before us last December, and it struck me as being a very very important bill. I recall that I made inquiries in connection with it. The bill was referred to the Standing Committee on Banking and Commerce, at which we heard representatives of the department give explanations of the reasons for the amendments. I am interested in knowing whether the amendments made by the other place and submitted today are of a minor nature only. If they are not lengthy, perhaps the honourable senator (Hon. Mr. Lambert) would let us know what is their nature.

Hon. Mr. Lambert: Perusal of the amendments studied in their proper setting in the text of the bill would I am sure justify my honourable friend in supporting the proposed changes. There is nothing material in them. They are really just verbal changes made to clarify the meaning of terms in the bill which in no way affect its basic purpose. The whole purpose of the bill in the first place was simply to define more clearly the meaning of such words as "factory", as opposed to the modern application of the term "arsenal" in the manufacture of explosives. The amendment in section 2 of the bill, which enacts new section 3 of the act, is an illustration of the minor nature of the amendment. Sub-section (1) is amended as follows: the word "This" is struck out and the following is inserted in its place, "Except as provided by the regulations, this".

There is a more extensive amendment proposed on page 2 of the bill. A new subsection is to be added to section 4 of the act. The proposed amendment reads as follows:

(3) Section 4 of the said Act is further amended by striking out the word "and" after paragraph (m) thereof, by inserting the word "and" at the end of paragraph (n) thereof and by adding thereto the following paragraph: (o) prescribing the circumstances in which explosives shall for the purposes of this act be deemed to be or not to be under the direction of control of the Minister of National Defence.

I think that qualification is an added precaution to the public in the handling of explosives. In connection with that point the honourable senator (Hon. Mr. Isnor) did mention in committee that the whole problem was one of protecting the public in relation to the storing and handling of explosives and particularly at Halifax.

These extracts that I have just read comprise all the amendments that have been suggested from the other place, and unless I am mistaken in the advice of the Law Clerk I think that we are perfectly safe in accepting them.

Hon. Mr. Isnor: I wish to thank the honourable senator from Ottawa (Hon. Mr. Lambert), for I think he has stressed the point that I had in mind, namely, that we should not hurry the acceptance of these amendments but should have an opportunity of seeing them in their proper context in the bill. I for one would like to see the amendments in their proper place in the bill. I have in mind, for instance, the word "Regulations". I do not know if the honourable senator (Hon. Mr. Lambert) is aware of what is covered by the Regulations and understands their full import. I was interested in knowing, first, under what governmental departments explosives are transported, whether by water, or by railways. I think the honourable senator mentioned that this matter is governed by regulations of the Department of Transport. Of course, the regulations are not covered by the bill. Then I wanted to know, are there regulations respecting the handling of explosives in and out of Canadian ports?

My question is a general one, not confined to Halifax, as the remarks of the honourable senator from Ottawa (Hon. Mr. Lambert) might lead one to believe. I have in mind all the Canadian ports. Then, I was wondering what are these regulations, and to what ports do they apply? Which department, or departments, or agencies see that these regulations are carried out? Do these regulations apply to both common carriers and naval craft? That particular inquiry was very much in the minds of people in certain ports where explosives are handled, and I think it is one upon which we might have some further explanation from the sponsor of the bill. I am inclined to believe that explosives of a certain nature are handled by naval craft, and others by common carriers. The bill, I suggest, might stand over until we get an opportunity to read the proposed amendments. Then I would like to know how long these regulations have been in effect. Perhaps the honourable senator from Ottawa can tell us.

Hon. Mr. Lambert: All I can say in reply to the honourable senator from Halifax (Hon. Mr. Isnor) is that he raised these points in committee before the Christmas adjournment, I believe, and I was under the impression that they were answered by the replies and the assurances which were given at that time. If I am mistaken I will stand corrected. I understood that the situation as he explained it in connection with Halifax and its peculiar history and background was satisfactorily met by the application of the regulations to all craft that carry or may handle munitions or explosives. There is no doubt that what he has in mind comes under the administration of the Department of National Defence, and no other, and that the legal obligations, if there are any, are inherent in the regulations which are made by that department. Further than that I cannot elaborate. The subject of this bill was fully explained and discussed in committee last fall. A certain length of

time has expired; and if the honourable senator is not satisfied that the points he has raised are covered in these amendments, they can be held over and further information will be given him.

Hon. Mr. Isnor: There is no disadvantage in allowing the matter to stand. I would welcome an opportunity to look over the amendments.

Hon. Mr. Macdonald: Stand.

The Hon. the Speaker: Stand.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Farris (for the Chairman of the Standing Committee on Divorce) presented the committee's reports Nos. 267 to 287, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 18, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

CRIMINAL CODE

JOINT COMMITTEE ON CERTAIN QUESTIONS OF CRIMINAL LAW—MESSAGE FROM COMMONS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons, in the following words:

Resolved, that a message be sent to the Senate requesting their Honours to substitute the following for the message which was sent to that house on Wednesday, February 3, 1954:

"That the following members act on behalf of this house on the joint committee of both houses of parliament as provided in the motion of the Minister of Justice on January 12, 1954, and appointed to inquire into and report upon the questions whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment or (c) lotteries should be amended in any respect and, if so, in what manner and to what extent: Messrs. Boisvert, Brown (Brantford), Brown (Essex West), Cameron (High Park), Decore, Dupuis, Fairey, Fulton, Garson, Lusby, Mitchell (London), Montgomery, Murphy (Westmorland), Shaw, Thatcher, Valois and Winch."

FURTHER MESSAGE FROM COMMONS—CHANGE IN COMMITTEE MEMBERSHIP

The Hon. the Speaker: Honourable senators, a further message has been received from the House of Commons, in the following words:

Resolved, that a message be sent to the Senate to acquaint their Honours that the name of Mrs. Shipley has been substituted for that of Mr. Decore on the special joint committee of both houses of parliament appointed to inquire into and report upon the questions of capital punishment, corporal punishment and lotteries.

REPORT OF COMMITTEE—QUORUM REDUCED

Hon. John A. McDonald, for Hon. Mr. Hayden, Joint Chairman of the Joint Committee of the Senate and House of Commons on Capital and Corporal Punishment and Lotteries, presented the committee's first report.

The report was read by the Clerk Assistant, as follows:

Your committee recommend that their quorum be reduced to nine members.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. McDonald: With leave, I move that the report be concurred in now.

The motion was agreed to.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, with leave I move that when this house rises today it stand adjourned until Tuesday next at 8 o'clock in the evening.

The motion was agreed to.

SMOKING AND LUNG CANCER

INQUIRY

On the Orders of the Day:

Hon. Mr. Reid: Honourable senators, before the Orders of the Day are proceeded with, I would like to direct a question to the honourable leader of the Senate (Hon. Mr. Macdonald). According to press reports, governmental health authorities in Great Britain intend to visit the United States to discuss with health authorities of the United States government the findings in the recent official report by a British medical committee regarding the incidence of cancer of the lung, and to try to ascertain if there is any definite relationship between that disease and smoking. My question to the leader is this: Will this inquiry be extended to enable the Department of Health in Canada to participate in it?

Hon. Mr. Macdonald: Honourable senators, I know that our Department of Health is giving very careful consideration to the matter raised by the honourable senator from New Westminster (Hon. Mr. Reid). Whether or not any arrangements have been made for the representatives from Great Britain to visit Canada, I do not know, but I can assure honourable senators that I will make inquiry, and if I obtain any information I will advise the house accordingly.

PRIVATE BILL

BRAZILIAN TELEPHONE COMPANY—THIRD READING

Hon. Mr. Campbell moved the third reading of Bill W-8, an Act respecting Brazilian Telephone Company.

The motion was agreed to, and the bill was read the third time, and passed.

EXPLOSIVES BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate resumed from yesterday consideration of the amendments made by the House of Commons to Bill C, an Act to amend the Explosives Act.

On motion of Hon. Mr. Lambert, the amendments were concurred in.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Farris, for the Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill E-10, an Act for the relief of Alfred Rubens.

Bill F-10, an Act for the relief of Clara Stein Rosenberg.

Bill G-10, an Act for the relief of Birdie Gladys Schwarz Bard Yudelson.

Bill H-10, an Act for the relief of Lilli Schwab Barber.

Bill I-10, an Act for the relief of Laura Fenny Hoddinott Peckford.

Bill J-10, an Act for the relief of Michael Samulack.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Farris: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

CANADIAN FORCES BILL

SECOND READING

Hon. John J. Connolly moved the second reading of Bill 80, an Act respecting the Canadian Forces.

He said: Honourable senators, this bill, which is called the Canadian Forces Act, 1954, would amend five different statutes which affect the Department of National Defence. This measure is in the nature of a statute law amendment act, and it is complicated mainly to the extent that there are five statutes to be considered. The bill itself contains nineteen sections.

A bill of this nature has precedent in this parliament. Similar bills have been passed every year since 1950, all of them called The Canadian Forces Act of the appropriate year. In 1949 parliament passed the Statute Law Amendment (Newfoundland) Act, which was of the same character as this bill. In 1950 an act called An Act to mend the Statute Law varied some seventeen statutes of the Parliament of Canada.

The procedure being adopted here has been adopted in many of the provinces of Canada, and I should think it would commend itself to the house, particularly in the form in which Bill 80 has been drawn. The statutes which are affected by this bill are as follows: The Defence Services Pension Act, Chapter 63 of the Revised Statutes of Canada, 1952; the National Defence Act, Chapter 184, R.S.C. 1952; the Visiting Forces (North Atlantic Treaty) Act, Chapter 284, R.S.C. 1952; the Senate and House of Commons Act, Chapter 249, R.S.C. 1952, and the Canadian Forces Act, 1950, Chapter 2 of the Statutes of 1950-51.

Honourable senators, in the other place, on second reading, it was thought that because the bill contains so many varied sections no general statement could be made but that the matter should be considered in committee of the whole. I know that that procedure is not often adopted in the Senate, and I think that after the general features of the bill have been explained and second reading has been given it would be proper to move that the bill be referred to the appropriate standing committee. I am informed that the Banking and Commerce Committee has considered similar bills in the past.

I come first to the sections of the bill that deal with the Defence Services Pension Act. Section 2 amends section 44A of that act, for the purpose of permitting regulations to be made so that some Air Force officers now in the regular service can count a substantial period of full-time service which they had in the reserves towards their pension. This provision is not retroactive but would cover similar situations which might arise in the future.

Under section 3, subparagraph (a) would allow the making of regulations to increase the pensions of former members of the regular forces who are appointed to one of the armed services. Some of such people would be entitled to pension based upon their previous service. The amendment now proposed would allow the new period of service to count towards pension as well. Subparagraph (b) of the section would allow the making of regulations for the payment of succession duties on a widow's portion of a pension in a manner that would be more equitable than the manner which now obtains. The amendments which are proposed in this respect are not without precedent. There is a similar provision in the Public Service Superannuation Act.

I am informed that the subsection numbered (2) in section 3 is for the purpose of ensuring that the same service cannot be counted twice for a pension under different parts of the act.

Section 4 permits servicemen who joined the permanent forces in the post-war period

and who had full-time service in the reserves —six months or more, that is to say—to count that reserves service towards pension at their appropriate rate of pay.

Section 5 amends section 50 of the Defence Services Pension Act by adding subsection (1a), which makes it possible for a widow of a pensioner who remarries and again becomes a widow to receive a pension after the death of her second husband. An amendment was made to this clause in the other place, which would prevent widows who married several pensioners successively from receiving a pension on account of the pension rights of each of her deceased husbands.

Some Hon. Senators: Oh, oh.

Hon. Mr. Connolly: Subsection (2) of section 5 will permit the department to adjust any of such cases which have arisen in the past. Section 6 is similar to subparagraph (b) in section 3. It is necessary for the Governor in Council to have the right to regulate with reference to the payment of succession duties in connection with widows' pensions payable under part V of the act, which covers people who joined the permanent forces after the last war.

Section 7 amends section 68 of the act. Under section 68 as it now stands, debit balances due a service by a retiring serviceman can be charged against his pension while he lives. There is no provision for charging debit balances incurred by him against his service estate. This section as amended will allow the recovery of debit balances from his service estate where he dies leaving neither widow nor child.

I come now to the National Defence Act and the amendments proposed thereto.

Section 8, subsection 1, permits the sale of *matériel* owned by the Department of National Defence to international welfare organizations. I think that is a desirable provision. Under subsection (2), rebates of duties and taxes which are secured from the taxing departments of government by the Department of National Defence on supplies bought by that department for foreign governments are to be placed in a special account which that department would set up.

By section 9 it is provided that where a serviceman dies out of Canada, and where his personal estate situate out of Canada does not exceed $10,000, such estate may be administered pursuant to the regulations of the department. It is understood that satisfactory arrangements could be made with foreign countries to take over such estates and distribute them in accordance with the Canadian law.

Section 10 is a rather unusual one and may bear a more lengthy explanation. The need for this section arises from the fact that there are so many Canadian servicemen serving abroad—in Germany with the NATO forces, in the United Kingdom, in Japan, and elsewhere. In Germany, under the law of the Allied High Command, our servicemen are not subject to the criminal jurisdiction of the German courts. West Germany, however, may soon recover complete sovereignty. In that event the German courts would have jurisdiction if Canadian military tribunals have not been set up by the law of Canada. This section is designed for that purpose.

The same state of affairs applies, under the NATO "Status of Forces" agreement, to Canadian servicemen in France, Germany and the United States. Under this agreement Canada can exercise jurisdiction in respect of certain types of offence, but at the moment there is no adequate provision for the exercise by Canada of this jurisdiction in the case of non-military personnel who happen to be with the forces. The amendment fills that gap, in a sense, and the parties to the NATO agreement are bound to give sympathetic consideration to a request that the Canadian laws here proposed for application should be applied. Generally speaking, the same provisions apply in the United Kingdom. In Japan the matter is governed by the situation which obtains under the NATO agreement.

In order to secure the benefits of the agreements I have mentioned, Canada must be in the position to exercise effective jurisdiction, and in some cases it is most desirable that the Canadian laws should be applied. This section will enable the Canadian authorities to show that there is provision in the Canadian law to handle such cases.

The first subsection of section 10 relates to persons accompanying the Canadian forces —dependents, observers and the like. Subsection (7b) provides for the court which would deal with the matters in question.

Coming to section 11: sometimes false documents are submitted to service authorities when a man comes to enrol. An example would be a false certificate of qualifications

as to a trade or profession. There has been no specific provision to cover this practice, and section 11 is designed to fill that gap.

Section 12 has to do with conspiracy. It is patterned on section 573 of the Criminal Code, and, I think, requires no further comment here.

Section 13 is somewhat different. It has to do with "parties to an offence". Although the subject-matter is simple, an explanation might be lengthy, and it may be that the committee would be the more appropriate place at which to inquire into this section.

Section 14 enables the Canadian authorities to carry out obligations with foreign countries for the enforcement of the customs laws of foreign countries in which Canadian forces are serving. Where a member of the Canadian forces has violated the customs law of any such country the section confers the right of seizure.

Section 15 permits the restitution of property stolen by servicemen, and is patterned upon a similar provision of the Criminal Code.

Section 16 would permit the dependents of Canadian service personnel to be arrested by Canadian authorities when an offence is committed by such dependents in a foreign country. In some cases the local laws apply to such offences, but the local authorities, under international agreement with Canada, are not permitted to make an arrest. This section would permit the arrest to be made by the Canadian authorities, and the arrested person would be handed over to the appropriate authorities.

The next section of the bill amends the Visiting Forces (North Atlantic Treaty) Act. Under this statute the crown in Canada may be sued by a Canadian citizen in respect of the negligence of a member of a visiting force, as if that person had been a member of the Canadian forces. The Crown Liability Act, recently passed by parliament, extended the liability of the crown in the right of Canada to cover all torts committed by members of the Canadian forces. The present amendment would give a Canadian citizen injured by a member of a visiting force the same right to proceed against the crown as he has in respect of a tort committed by a member of the Canadian forces.

Honourable senators, there is also a section which amends the Senate and House of Commons Act. The section is designed to permit members of parliament to perform their duties as a member of any of the reserve forces without loss of sessional indemnity. Heretofore the act covered only service with the army.

Finally, the Canadian Forces Act of 1950 is amended. Under legislation passed in 1950, service in the special force in Korea could not be counted towards a pension under the Defence Services Pension Act. It is now proposed by this amendment that, when a member of the special force transfers or re-enlists in the regular forces, the time served in the special force could count towards a pension under the Defence Services Pension Act.

Honourable senators, that is the explanation of the bill.

Some Hon. Senators: Hear, hear.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Connolly, the bill was referred to the Standing Committee on Banking and Commerce.

DIVORCE PETITIONS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 288 to 293, dealing with petitions for divorce.

Hon. Mr. Farris moved that the reports be concurred in.

The motion was agreed to, on division.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Farris, for the Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill L-10, an Act for the relief of Natalie Wynohradnyk Wolcovitch.

Bill M-10, an Act for the relief of Joan Bechard Tutty Copeland.

Bill N-10, an Act for the relief of Georgette Mertens Herscovitch.

Bill O-10, an Act for the relief of Mary Veronica Carmichael Mosher.

Bill P-10, an Act for the relief of George Thomas LeGrow.

Bill Q-10, an Act for the relief of Marie-Reine Roy Laflamme.

Bill R-10, an Act for the relief of Gabrielle Gagne Nantel.

Bill S-10, an Act for the relief of Velma Mackland Giles Boyer.

Bill T-10, an Act for the relief of Bessie Katz Elman.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Farris: With leave, I move the third reading now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until Tuesday, February 23, at 8 p.m.

THE SENATE

Tuesday, February 23, 1954

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

NATIONAL BATTLEFIELDS (QUEBEC) BILL

FIRST READING

A message was received from the House of Commons with Bill 167, an Act to amend an Act respecting the National Battlefields at Quebec.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

MEMBERS OF PARLIAMENT RETIRING ALLOWANCES BILL

FIRST READING

A message was received from the House of Commons with Bill 176, an Act to amend the Members of Parliament Retiring Allowances Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

ANIMAL CONTAGIOUS DISEASES BILL

FIRST READING

A message was received from the House of Commons with Bill 250, an Act to amend the Animal Contagious Diseases Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

NORTHWEST ATLANTIC FISHERIES CONVENTION BILL

FIRST READING

A message was received from the House of Commons with Bill 251, an Act to implement the International Convention for the Northwest Atlantic Fisheries.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

SALARIES BILL

FIRST READING

A message was received from the House of Commons with Bill 172, an Act to amend the Salaries Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

PROPERTY QUALIFICATIONS OF SENATORS

FURTHER RETURN TABLED

The Hon. the Speaker tabled a further return, submitted by the Clerk of the Senate, listing the names of members of the Senate who have renewed their declaration of property qualifications.

DIVORCE PETITIONS AND STATISTICS

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the Committee's reports Nos. 294 to 305, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

He said: Honourable senators, I should like to take advantage of this opportunity to inform the house of the progress being made by the committee in its important and somewhat arduous duties.

To date there have been filed this session 462 petitions, the largest number on record for a session. Thirteen of these have been withdrawn, 291 have been heard and recommended and two have been rejected. Thus the committee has taken care of, in one way or another, 306 petitions, and 156 remain to be heard. Some of that number will go

over to the next session, but one may assume that perhaps as many as 100 of them will be dealt with before we prorogue this year.

Honourable senators, the committee has been sitting quite regularly throughout this session, and I should like at this time to thank the members for their attendance and the faithful manner in which they have carried out this duty.

Some Hon. Senators: Hear, hear.

The motion was agreed to, on division.

PRIVATE BILL

CANADIAN NURSES' ASSOCIATION— FIRST READING

Hon. Mr. Paterson presented Bill F-11, an Act respecting Canadian Nurses' Association.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Paterson: Thursday next.

INTERNATIONAL TRADE

COMMITTEE EMPOWERED TO CONDUCT INQUIRY

Hon. A. Neil McLean moved:

That the Standing Committee on Canadian Trade Relations be empowered to inquire into and report on:

1. What, in their opinion might be the most practical steps to further implement article 2 of the North Atlantic Treaty whereby the signatories to that document agreed that: "They will seek to eliminate conflict in their economic policies and will encourage economic collaboration between any or all of them".

2. That notwithstanding the generality of the foregoing, the committee be instructed and empowered to consider and report upon how, in their opinion,

(a) any project for developing economic collaboration, specifically between the countries who are signatories to the North Atlantic Treaty, can be co-ordinated with the trade policies of other countries of the free world;

(b) any project for developing economic collaboration between the countries which are signatories of the North Atlantic Treaty, might have the same degree of permanence that is contemplated in the twenty year military obligation under article 5 of the treaty whereby "The partners agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all".

3. That the committee be empowered to extend an invitation to those wishing to be heard, including representatives of agriculture, industry, labour, trade, finance and consumers, to present their views, and that the committee also be empowered to hear representations from business interests or individuals from any of the NATO countries who might wish to be heard.

4. That the committee be empowered to send for persons, papers and records, and to secure such services as may be necessary for the purpose of the inquiry.

He said: As honourable senators know, a similar motion was passed by the Senate last session, authorizing the Standing Committee on Canadian Trade Relations to make an inquiry. Your committee held a number of hearings last session and is now ready to continue further hearings.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill U-10, an Act for the relief of John Wright Sinclair.

Bill V-10, an Act for the relief of Florence Jean Moffatt Tucker Johnston.

Bill W-10, an Act for the relief of Margaret Hilda Popper Parker.

Bill X-10, an Act for the relief of Cecil Alfred Ellis.

Bill Y-10, an Act for the relief of Robert Jackson.

Bill Z-10, an Act fo rthe relief of Madeleine Marguerite Faure Eden.

Bill A-11, an Act for the relief of William James Cutler McKillop.

Bill B-11, an Act for the relief of Agnes Mary Kelly Winters.

Bill C-11, an Act for the relief of Florence Elizabeth Hough Topp.

Bill D-11, an Act for the relief of Roch Cote.

Bill E-11, an Act for the relief of Domina Emerius Lefebvre.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

MAGAZINE ARTICLE

STATEMENT OF COMMENDATION

On the Orders of the Day:

Hon. John T. Haig: Honourable senators, before the Orders of the Day are called, may I be allowed to say that this morning I read a very illuminating article in one of the Toronto weekly magazines. It is in the February 27 issue of the magazine in question, and I heartily commend the reading of it to every member of the house. I compliment the honourable senator who wrote it. I am not going to mention any name—I do not think I am permitted to do so—but I think I

can assure the house that the honourable member from Toronto-Trinity (Hon. Mr. Roebuck) will not object to my statement.

Hon. Senators: Hear, hear.

DIVORCE PROCEDURE

INQUIRY RE POSSIBILITY OF HANDLING CASES BY DIFFERENT METHOD

Hon. Thomas Vien: Honourable senators, before the Orders of the Day are called, I should like to ask the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), the Chairman of the Divorce Committee, if he is satisfied with the procedure which is being followed at the present time and if the committee is considering making any suggestions to parliament.

When listening to the honourable senator a minute ago, I should have liked to inquire of him then, had it been in order for me to do so, if the time has not come to relieve honourable senators of the tremendous task which he has described, and if, in the opinion of the members of the committee, some more practical procedure and one more in keeping with the judicial function of the committee should not be adopted.

Hon. Arthur W. Roebuck: Honourable senators, I had no notice of the question, so it comes to me fresh. I really feel that I am not in a position to answer the question intelligently off-hand.

The big question whether the Senate should handle divorces is not a matter exclusively for the Chairman of the Divorce Committee, although naturally he is rather close to the subject. I fancy many improvements could be made in the present procedure. I think that this session, by dividing up into more committees, we have made a great improvement. The work is being done more expeditiously, more members of the committee are taking part in the actual administration, and the division of the work has made it possible to handle so large a number of cases without any appearance of hurry, yet in each case to take all the time which seems to be required. For the most part four committees have been operating concurrently, but occasionally there have only been enough cases on the list to require the services of three committees. We are now down to "the bottom of the barrel". This morning only two committees were sitting. Some cases have been set down for Friday, and a considerable number for next Monday, but thereafter we shall not sit again for perhaps two or even three weeks, because the cases of nearly all petitioners ready to proceed will have been heard. In short, we are, I believe, functioning with great facility and efficiency; and as I do not preside over three of the committees, I can say this somewhat impersonally.

Other suggestions for improvement have been made, including one relating to the taking of evidence in foreign countries and at places in our own country which are a long distance from Ottawa. I think that some satisfactory arrangement in this respect will be worked out. Other changes will be made as we go along. Experience is a great teacher. From the last chairman (Hon. Mr. Aseltine) we received a solid foundation on which to build, and I may add that he has been most helpful, since his resignation as chairman, in the carrying on of our work.

Hon. Mr. Vien: Would the honourable senator allow me a question? Has consideration been given to the expediency of appointing a commissioner to take evidence throughout the year?

Hon. Mr. Roebuck: No, I think I can say definitely that the committee as such has not considered that suggestion. I can promise my friend that I will take it up with the committee at the very first opportunity.

PATENT BILL

SECOND READING

Hon. Norman P. Lambert moved the second reading of Bill 177, an Act to amend the Patent Act.

He said: Honourable senators, this is a very short bill: it contains only two clauses. Its sole purpose is to increase the statutory fees provided under the Patent Act. The schedule of proposed increases is contained in section 1. I think it should be explained at the outset that these increased fees are not a charge directly on the public, but on certain individuals and corporations that are accustomed to transact business in the Patents Branch, and in connection with the work which is done there.

For some time there has been a deficit in the operations of the Patent Office, the deficit for the last fiscal year being approximately $133,000. The Patent Office is used by individuals and representatives of corporations seeking to get patents for inventions, and I am informed that some 90 per cent of the patents are granted to non-Canadians. This means that we are conferring on these people a very special privilege in relation to the development of our country. It is only logical, therefore, that the department should take heed of the financial incompetence of this branch. The bill seeks to increase certain

fees by from $5 to $10 per item, in the expectation that the branch will thereby be enabled to pay for itself and perform its work more efficiently.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Lambert: Honourable senators have become aware at meetings of some of our standing committees that the Patent Office, as a result of being understaffed, has not been able to operate with maximum efficiency. Great delays have sometimes been encountered in the handling of patent applications: periods as long as two years have elapsed before certain applications have been fully dealt with. The need for recruitment and reorganization of the Patent Office is certainly evident to anyone who has had anything to do with it. The Secretary of State, when moving second reading of this bill in the other place, mentioned that a special inquiry was being launched into the operation of the Patent Act, the Copyright Act, and the Industrial Design Act, with the object of co-ordinating all three under one piece of legislation. It is hoped that codification and clarification will bring about an increase in efficiency. The inquiry will go forward immediately, and it is possible that further legislation affecting the Patent Act will be introduced before this session ends. In the meantime I think honourable members should approve this bill giving effect to the proposed increased charges, so that the Patent Office can be put on a paying basis.

Honourable senators, I submit that the principle of the bill is clear and defensible, and if further information is desired the bill can be referred to committee. I presume that the Standing Committee on Banking and Commerce would be the appropriate one.

Hon. John T. Haig: Honourable senators, last February the Senate dealt with an Act respecting a certain patent and patent application. At that time I made some comments about the administration of the Patent Office, drawing attention to the long delays involved in the handling of patent applications. I am therefore pleased to see legislation coming forward which is designed to increase the efficiency of that office. I should like the bill to be referred to committee so that the Commissioner of Patents may be called to advise honourable senators as to the policies of the department. At the present time it is next to impossible to have an application dealt with in any reasonable length of time. I am advised by patent attorneys that the Patent Office needs a great shaking up. If the increased fees proposed in this measure will make for more efficient administration, I am completely in favour of it. I think the bill should go to committee, where it can be fully examined.

Hon. Thomas Reid: Honourable senators, I take the same stand on this legislation as I did on the Post Office Bill. I want to make it clear that I am one of those who believe that a government department such as the Patent Office should pay its way. We have been told about the deficits in the operation of this department, just as we were told about deficits in the operation of the Post Office Department, but it seems to me that we have been overlooking some of the surpluses in the operation of these departments. In order to illustrate to the house the necessity for referring this bill to committee, I am going to point out the effect of the increases proposed in the bill.

I have been informed that in 1949 the Patent Office enjoyed a surplus of some $230,000, but that last year it suffered a deficit of $133,000. From the tariff of fees in the bill before us it will be observed that increases are being made in six or seven of the items at the beginning of the list and that the last seven or eight items remain unchanged. Now, it is under these last items that the losses are being incurred. The Patent Office charges the public only 25 cents for a printed copy of a patent. Last year it cost the office some $400,000 to print copies of patents, but it received only $30,000 from the sale of them. I was rather surprised to notice that the Secretary of State said in the other place he did not believe it would be reasonable to try to turn the Patent Office into a profit-making operation. I have no C.C.F. view in mind—such as the idea of working for use and not for profit. My opinion is that certain departments should be put on a paying basis, particularly the Post Office and the Patent Office.

I wonder how many in this chamber realize that only 1,173 out of 16,000 applications for patents in Canada last year were made by Canadians. In other words, our Patent Office is existing primarily to confer exclusive privileges upon certain individuals and corporations in the United States and other countries. The little experience I have had in patent matters leads me to believe that few inventors derive much benefit from their patents, for these are generally bought up by corporations. I am opposed to increasing certain charges against our own people, when this bill does not increase fees for items on which the government is losing money. Why should copies of patents be sent out for only 25 cents? Those who want copies of patents are eager to receive them, otherwise

they would not apply for them. I wish to emphasize that last year a deficit of $370,000 was shown on printing alone by a department which in former years made a profit. I believe that the department should be able to collect sufficient fees to sustain itself.

When the honourable senator from Ottawa (Hon. Mr. Lambert) explained the bill he mentioned that an inquiry is to be conducted by a commission into the operation of this act and two other acts. May I urge the honourable leader of the Senate (Hon. Mr. Macdonald) to impart to the government the thought and the suggestion that the Senate is asking for more work and is able to undertake it. The Right Honourable J. L. Ilsley, who is well and favourably known and of high repute, is to be the head of the commission referred to. In the Senate we have men of high repute too, who would no doubt be willing to conduct certain inquiries; but we cannot conduct inquiries unless the government places matters before us. I repeat, quite seriously, that I should like the honourable leader of the Senate to take a message back to the government and to return here with an announcement as to why certain matters cannot be placed before this house for investigation and report. Of course, I am aware that any senator can introduce a motion to have a committee of inquiry set up, but I have been here long enough to know that without the blessing of the government the motion will not get very far. It is easy to level criticism at this honourable chamber for not doing enough work, but unless the government is inclined to place matters before us, there is not a great deal we can do about it, other than protest and suggest. Similar criticism, I realize, has been levelled against the government for many many years—against not only the present government, but every government for many years.

I am glad this bill is going to committee, so that my statements and figures can be easily checked for accuracy.

In conclusion, I repeat that I am taking exactly the same stand against this bill as I took against the postal bill, for I believe the departments concerned should pay their way. Under this bill and the postal bill, a class or group of customers are getting services far too cheap, and at public expense.

Some hon. Senators: Hear, hear.

Hon. Mr. Lambert: Honourable senators, in my opinion, the honourable senator's analogy between the postal bill and the bill before us is not very well drawn. The postal bill dealt mainly with the increasing of postage rates to the public direct. The bill before us does no such thing, but attempts to increase charges to professional people who are served by the Patent Office. If those people—patent attorneys and patent agents for individuals and corporations—want to pass those charges on to their clients, I suppose they will do so, but I doubt if this would always be possible. I submit that the increases in the main charges listed in this bill are for the very purpose of eliminating the deficits which my honourable friend deplores, and which we have all deplored in the past. I think the bill is a laudable effort on the part of the minister to make his department more efficient and to make it financially self-sustaining. I believe that to be the sole purpose of the bill.

Hon. Mr. Reid: My honourable friend has the advantage of me, because I have not the right of reply. When the bill goes to committee I will try to convince him of the relationship between the postal bill and this one.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Lambert, the bill was referred to the Standing Committee on Banking and Commerce.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 24, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine Proceedings.

PRIVATE BILL

DOMINION FIRE INSURANCE COMPANY—REPORT OF COMMITTEE

Hon. T. A. Crerar, Acting Chairman of the Standing Committee on Banking and Commerce, presented the report of the Committee on Bill K-10.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill K-10, intituled: "An Act respecting The Dominion Fire Insurance Company", have in obedience to the order of reference of 17th February, 1954, examined the said bill and now beg leave to report the same with the following amendment:

Page 1 line 13: Delete "Company" and substitute therefor "Corporation".

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Crerar: With leave of the Senate, I move that the report be concurred in now.

The motion was agreed to.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: With leave of the Senate, I move the third reading now.

Hon. Mr. Roebuck: Will the honourable gentleman explain the reason for the hurry?

Hon. Mr. Hayden: I suppose I could explain it negatively, by saying the bill is so simple that there seems no necessity for letting it stand. The amendment changes only one word.

The Hon. the Speaker: Honourable senators, unless there is unanimous consent by the house, the third reading of the bill must stand.

Hon. Mr. Macdonald: I understand there is unanimous consent.

Hon. Mr. Roebuck: There is unanimous consent; nevertheless, I think the house is entitled to know why the third reading is required today.

The Hon. the Speaker: Honourable senators, is it the pleasure of the house to adopt the motion?

Some Hon. Senators: Carried.

The motion was agreed to, and the bill was read the third time, and passed.

INTERNATIONAL TRADE

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. A. Neil McLean, Chairman of the Standing Committee on Canadian Trade Relations, presented a report of the committee.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Canadian Trade Relations beg leave to report, as follows:

1. The committee recommend that it be authorized to print 800 copies in English and 200 copies in French of its proceedings in respect to the inquiry into what, in their opinion, might be the most practical steps to further implement article 2 of the North Atlantic Treaty, and that Rule 100 be suspended in relation to the said printing.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. McLean: With leave of the house, I move that the report be adopted now.

The motion was agreed to.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Roebuck, chairman of the Standing Committee on Divorce, presented the Committee's reports, Nos. 306 to 318, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

PRIVATE BILLS

EXTENSION OF TIME FOR FILING PETITIONS

Hon. Mr. Bishop, Chairman of the Standing Committee on Standing Orders, presented the third report of the committee.

The report was read by the Clerk Assistant as follows:

Your committee recommend that the time limited for filing petitions for private bills, which expired on January 25, 1954, be extended to Wednesday, February 24, 1954.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Bishop: With leave, I move that the report be adopted now.

The motion was agreed to.

PRIVATE BILL

NORTH AMERICAN BAPTISTS OF CANADA—FIRST READING

Hon. Mr. Stambaugh presented Bill G-11, an Act to incorporate North American Baptists of Canada.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Stambaugh: Wednesday next.

EXCLUSION OF PUBLIC DURING PRAYERS

NOTICE OF INQUIRY

On the Orders of the Day:

Hon. Arthur W. Roebuck: Honourable senators, I would like to ask a question of the administration. It may be that the honourable leader (Hon. Mr. Macdonald) will not be prepared to answer immediately, in which case this will be a notice of the question.

The question is this: What is the reason or justification, if any, for the exclusion of the public from the reading of prayers at the commencement of Senate sittings?

Hon. W. Ross Macdonald: Honourable senators, I shall be glad to take the question under consideration. I do not know if I should assume the responsibility of justifying the practice of having prayers read in the presence of senators only, with the public excluded. No doubt I may be able to obtain information as to how long the practice has been in effect, and, probably, the reasons advanced for it. I can see some virtue in having the prayers read in the quiet of this room, undisturbed by any distractions from the outside world, but that of course is a matter of opinion. I do know that the present practice has been followed ever since prayers were read at the opening of sittings both of this house and of the other place, and that there is a similar practice in the United Kingdom. I believe that one of the very few occasions when strangers were admitted to the House of Commons at Westminster during the reading of prayers was at the first sitting of the new chamber which replaces the one destroyed during the last war. The Speakers from all the Commonwealth countries were invited to attend the opening ceremonies, and as I happened to be the Speaker of the other place at that time I was present as Canada's representative. As a mark of appreciation of our presence there, all the Commonwealth Speakers were admitted to prayers.

Hon. Mr. Aseltine: But not the general public.

Hon. Mr. Macdonald: Not the general public: the Speakers of the Commonwealth countries were permitted to be on the floor of the House of Commons when prayers were read. It may be of interest to honourable senators to know that in the United Kingdom parliament the prayers are read, not by Mr. Speaker, but by a chaplain.

The question raised by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) is an interesting one. I shall try to obtain some information, as requested, and let the house have it at the earliest opportunity.

Hon. Mr. Farris: The public are allowed in the British Columbia Legislature during prayers, and no harm has come of it.

Hon. Mr. Roebuck: I take it that my question will appear on the Order Paper as a notice of inquiry.

SMOKING AND LUNG CANCER

INQUIRY

On the Orders of the Day:

Hon. Thomas Reid: May I ask the honourable leader of the house (Hon. Mr. Macdonald) if I may receive an answer to a question which I placed before him a few sittings ago?

Hon. Mr. Macdonald: I can assure the honourable senator from New Westminster (Hon. Mr. Reid) that his question has not gone disregarded. I have been endeavouring to obtain the information which he sought, but as yet it is not to hand. As soon as I obtain it I will see that it is presented to the house.

MEMBERS OF PARLIAMENT RETIRING ALLOWANCES BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 176, an Act to amend the Members of Parliament Retiring Allowances Act.

He said: Honourable senators, the purpose of this bill is to fix, at a maximum of $3,000, the amount which a member of the other house can obtain as a retiring allowance.

In 1952, when the act now to be amended was passed, it was proposed that each member of the other place contribute annually six per cent of his sessional indemnity until his contributions amounted to $4,000 and thereafter he would make no further contributions. Upon ceasing to be

a member of the other place he would receive an annual retiring allowance of $3,000 for the remainder of his life. As the sessional indemnity was $4,000, and the contribution was six per cent of that amount, it was necessary to be a member for seventeen sessions in order to pay in $4,000. The amount of the indemnity has now been increased to $8,000, so if this provision were kept in force a member of the other place would be called upon to contribute annually $480. He would cease making contributions after he had paid in $8,000, and the amount of his retiring allowance would then be $6,000.

However, the members of the other place felt that $3,000 should be the maximum retiring allowance. In order to put that provision into effect it is necessary to amend the present act, which spreads contributions totalling $4,000 over a period of seventeen sessions. I should point out that, as the act now stands, a member would have to make two contributions every year in which two sessions are held. Under that provision he would qualify for the full retiring allowance after seventeen sessions, which might take place in a much shorter period than seventeen years. Bill 171, an Act to amend the Senate and House of Commons Act, which was passed this session, places the indemnity on a yearly basis; and under the bill now before us a person can only become eligible for the full retiring allowance after being a member of the House of Commons for seventeen years.

Honourable senators, those are the main provisions contained in the bill which I am presenting to the house for second reading.

Hon. Mr. Roebuck: Honourable senators, may I ask a question in connection with this bill? In my judgment this legislation, which is new, is very timely. It is exceedingly necessary as a means of helping to maintain the dignity, rights and immunities of the members of the House of Commons. I do not think we should interfere with this measure too much. If the Commons think that $3,000 is enough, it is not for us to criticize their judgment. The honourable leader (Hon. Mr. Macdonald) has already told us how much a member will be required to contribute, but I should like to know what the public contribution will be; in other words, what amount comes from the exchequer. I ask that for this reason: it seems to me that if the public contribution is not too great this bill might be permissive so that the member might contribute the full amount of his present indemnity if he desires to do so, and thus qualify for a retiring allowance of considerably more than $3,000 a year. An annual allowance of $3,000 may not maintain the standard of life a retiring member of parliament desires, and I do not see why he should not be allowed to contribute more, if he wants to do so, unless that would result in too heavy a burden upon the public purse.

Hon. Mr. McIntyre: May I ask the honourable Leader of the Government (Hon. Mr. Macdonald) if the six per cent contribution by members of the other place continues under this bill? If so, a member would pay in more than $4,000.

Hon. Mr. Haig: No. It is explained in the bill.

Hon. Mr. Macdonald: If there are other questions, perhaps I could answer all of them in closing the debate.

Hon. John T. Haig: I think the question put by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) ought to be answered, because there has been some criticism of the fact that the pension is a big drain on the public purse. I think it will be found that in order to pay a retiring member $3,000 a substantial amount will have to be contributed by the public. Seventeen years is a much longer period than the old law provided for. For example, since 1949 we have had two sessions nearly every year. In the last parliament there were seven sessions.

I was a member of this house when an amendment to the Judges Act was passed providing that if a judge died his widow would receive a certain pension. A judge could elect to have his widow come under that provision or not, but later on every judge's widow received the allowance as of right. I am not seeking to have additional funds paid out of the public purse, but I think some consideration ought to be given to widows of deceased members or former members of the House of Commons. Let us suppose that after serving in that house for seventeen years a member retires, then draws the pension for four, five, or possibly ten years, whatever it happens to be, and then dies. His widow may have great difficulty in carrying on. I am persuaded that when a man serves in either the House of Commons or the Senate, or in one of the legislatures, his wife makes a great contribution to his service; in fact, I think she makes a greater contribution than any other wife in the country. I speak from personal experience and with a keen understanding of what I am saying. If I may mention my own case: I served in the Manitoba legislature for sixteen years. It happened that my home was in the provincial capital, and therefore I was able to spend far more time at home

than otherwise would have been possible, but I know that my wife had a good many things to do that I would have done if I had not been a member. And during my membership of nearly nineteen years in the Senate the obligation to my wife was even greater, for I was able to get home perhaps only seven days in three months, while in the meantime my wife had the care of the home and the bringing up of the children, and had to do the hundred-and-one other things that the management of a home demands. People in my city, knowing that I am a senator who was once a member of the other place, think that if they want something done in Ottawa they can enlist my services.

Hon. Mr. Macdonald: I am quite sure that the honourable gentleman renders even better service now that he is a senator.

Hon. Mr. Haig: Well, I try to. I did not intend to single myself out especially. I have no doubt that similar demands are made upon all honourable senators, and that all try to give to the public the same service that they would like to receive themselves.

I wonder if consideration should not be given to providing a pension for widows of members. I speak with a good deal of feeling when I say that the arrangement is better in the case of judges. I have in mind at the moment a judge who served on the bench for five years; he died suddenly, at the age of 50, leaving a widow and three or four children. The children are at the most expensive stage of life: they are going to public school, or high school, or university. Fortunately, their mother receives a pension of about $4,000 a year, under the Judges Act. I wonder if we ought not to ask the other place to consider a similar plan. I think it is well worth consideration. The former member for Souris, in my province of Manitoba, served in the House of Commons for seventeen years. He happened to be re-elected to the legislature, but that did not affect the pension he received. I mention him, because I know that his wife made a tremendous contribution to the province of Manitoba by taking care of their family, looking after the farm and carrying on for her husband while he was at Ottawa, serving his constituency. Yet, if he were to die suddenly, she would receive nothing from the parliamentary retiring allowance.

Honourable senators, I am going to support the bill, but I would like it to go to committee, where we can get information on the questions raised here.

Hon. Thomas Vien: Honourable senators, I concur in the moving remarks expressed by the honourable Leader of the Opposition (Hon. Mr. Haig) with respect to the contribution made by our life-partners toward the service we render to the public in the discharge of our onerous parliamentary duties. I often wonder why the discussion of sessional indemnities and of pensions always seems to embarrass so many members of parliament. Why should members be reluctant to express a candid opinion and to discuss this subject openly and frankly? If I am not infringing on the rules of this house, I should like to congratulate the Minister of Finance upon the quite free and effective statement he made a few days ago in another place.

As far as I was able to ascertain, the people of the city and district of Montreal have almost unanimously approved the increased indemnity and salaries. Upon consulting a few members of the Senate and of the House of Commons I find that the reaction of public opinion varies from place to place in Canada; but, on the whole, it is quite favourable to the legislation already enacted and the bill now before us.

In my opinion adequate indemnity should at all times be provided for the services rendered by members of both houses. After all, senators and members, when sitting in parliament, are removed from their ordinary professional or business activities; they give their time to the public, and that entails great inconvenience and substantial expense—indeed, to such an extent that some soon find it impossible to continue to support their family without running into debt; others are forced to quit public life and return to their business: and parliament, being deprived of their talent and experience, is so much the poorer.

I also agree with the honourable Leader of the Opposition that widows of members of parliament should receive a pension, under certain terms and conditions.

In England legislation intended to increase the parliamentary indemnity was much less kindly received than was similar legislation here. Public opinion on this side of the Atlantic is of a different frame of mind. In the United States, for instance, it is now proposed that the indemnity of each member of both houses of Congress be increased from $15,000 to $25,000 or more.

In this bill, dealing with the superannuation of Canadian members of parliament, we are not changing the fundamental principle adopted a few years ago when, after a good deal of study, a pension plan was established on an actuarial basis, a plan under which the government contributes to the fund dollar for dollar with the members. A member's

total contribution is limited to $4,000. This amending bill has been rendered necessary because the amount of the sessional indemnity has been increased from $4,000 to $8,000. So as not to disturb the actuarial basis of the plan, the pension remains at $3,000, the contribution of the member continues to be six per cent of $4,000 for seventeen consecutive years, and the government will continue to contribute a similar amount; in that way, the fund will take care of itself.

Many believe that, considering the increase in indemnity to $8,000, the pension plan, which is a voluntary one, should have provided for a pension of $6,000. If that were done members would be required to contribute a larger amount so as to keep the plan on an actuarial basis. In my humble opinion, that would have been the wiser course to follow. A pension of $3,000, subject to income tax, is wholly inadequate to support a retired member of parliament and his dependents. Members of parliament, being now entitled to an indemnity of $8,000, should be pensionable on that basis.

I am also in favour of a plan under which widows of members should be pensioned. But that is a matter that must first be introduced in the other place, as it would entail expenditure of public money. We are not competent to do more than recommend expenditure of public money for pensions to widows of members. In principle, in my opinion, the pensions of members of parliament should be on the basis of the full indemnity of $8,000, and an adequate pension should be provided for the widows of such members as shall have complied with the requirements of the pension plan.

Hon. Mr. Roebuck: Could we not suggest properly and within our constitutional rights that contributions to the pension fund made by members be permissive up to a contribution based on $8,000, without interfering with the amount which the public treasury contributes towards it? Restrictions placed upon this house so far as money bills are concerned are based on the fact that money bills affect the public treasury. If we were simply to suggest that members should be allowed to contribute the full amount of six per cent on $8,000, we would not be interfering, would we?

Hon. Mr. Vien: I would agree with the principle. Under the act which this bill purports to amend, members of parliament are not obliged to take advantage of the plan. They may elect to participate in the fund, but that is not compulsory.

The honourable Leader of the Opposition (Hon. Mr. Haig) also mentioned, by way of illustration, pensions to judges and to widows of judges. Pensions payable to judges are not on an actuarial basis, and there is no pension fund in their case; the pensions are paid out of the Consolidated Revenue Fund under provisions of the law. Pensions to widows of judges do not entail an additional charge on the treasury. To enable his widow to participate, a judge must, during the first six months after his appointment elect to give a pension benefit to his wife; and, if he so elects, his own pension is reduced by one-third. When judges' salaries were $9,000 a year, the pension payable to a judge was $6,000 annually. If he elects to have his wife come under the pension scheme he will receive, upon retirement, $4,000 a year, and if he predeceases his wife she will receive $2,000 a year during her lifetime. That has given rise to numerous anomalies. By way of illustration: if a judge elects to bring his wife under the pension scheme, he loses one-third of his pension, and if she predeceases him the judge continues to be deprived of one-third of his pension, although his wife would have drawn no benefit. That anomaly should be corrected in the act.

Hon. Mr. Haig: You say that is the present law?

Hon. Mr. Vien: I think it is.

Hon. Mr. Haig: It was changed, was it not?

Hon. Mr. Vien: I am not aware of it.

Hon. Mr. Macdonald: The judge had to make an election.

Hon. Mr. Haig: When first appointed to the Bench.

Hon. Mr. Hardy: On a point of order: May I ask if this part of the debate relating to payment of pensions to widows of members of parliament is within the ambit of this bill?

Hon. Mr. Vien: On the point of order: This bill, dealing with pensions to members of parliament is now before the Senate for its concurrence. We have been discussing the desirability of paying a pension to widows of members of parliament, and a parallel has been drawn between the payment of pensions to widows of members and the payment of pensions to widows of judges. I respectfully submit that that is in order, under the rules of this house.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Crerar: Honourable senators, let me say at once that my lack of knowledge of this question is almost abysmal. There is some information—

Hon. Mr. Euler: Is my colleague speaking to the point of order?

Hon. Mr. Crerar: Mr. Speaker, I am in a dilemma. My colleague reminds me that a point of order has been raised, and he asks me whether I am speaking to it. I may say, Sir, that I am not.

The Hon. the Speaker: Perhaps before the honourable gentleman continues, I ought to deal with the point of order raised by the honourable senator from Brockville (Hon. Mr. Hardy) as to the nature of the discussion. I am sure that in this chamber for some time past honourable senators have realized that the discussion on second readings has often gone far afield, particularly when it has taken the form of question and answer. I think it is probably the result of the practice generally adopted in this house of referring legislation to the appropriate standing committee instead of considering it in committee of the whole. Thus, honourable senators who are not members of the committee to which the legislation will be referred must get the information they require during the debate on second reading.

As to the present discussion, if it continues in the form of questions and answers I think it is pertinent to the general principle of the legislation.

Hon. Mr. Crerar: My observations—

Hon. Mr. Haig: Now, you are in order.

Hon. Mr. Crerar: My observations, I trust, will be wholly in order. They have to do with the manner in which this fund was created and out of which pensions will ultimately be paid. Obviously the contribution made by the individual member of the other place is of itself not sufficient to meet the cost when pension payments come to be made. My recollection is that the Treasury contributes to the fund on a dollar-for-dollar basis.

Hon. Mr. Haig: Correct.

Hon. Mr. Crerar: But I doubt whether even with this aid, the fund will be adequate to the demands made upon it for pension purposes.

Let me make clear that this is not an argument against the principle of pensions, but it is a suggestion that, when the bill goes to committee, we should examine that aspect of it. For I am reminded by experience that, in matters of this kind, governments have often found themselves in more or less of a quandary. As an illustration, take the Civil Service Superannuation Fund. It was started many years ago. Contributions to it were made by civil servants and by the government, and it was anticipated that with these resources the fund would be in a position to provide for civil service pensions when they fell due. But in fact that has not been the case. For the past two or three years, at any rate, parliament has been voting large sums of money to put the fund on a basis of solvency. So let us go into this thing with our eyes open, and with the facts before us. I repeat that what I have said is not to be understood as in any sense a criticism of the principle of pensions, for which, I think, there is much to be said.

The point raised by the honourable Leader of the Opposition (Hon. Mr. Haig) is not, I submit, of so much concern to this house. How members of the Commons wish to have their pensions paid is, I think, largely their affair. If a member of the other house desires that after his death a proportion of his pension should be paid to his widow, I think he should have that option, as judges have a similar option today. But if he elected to take advantage of it he would not be permitted, if I understand the matter aright, to draw a pension in the full amount of $3,000. He could elect to take part of it and, in the event of his death, have the remainder paid to his widow.

That is all I wish to contribute to this discussion at present.

Hon. Mr. Macdonald: Honourable senators—

The Hon. the Speaker: May I remind honourable senators that if the honourable Leader of the Government (Hon. Mr. Macdonald) speaks now, he will close the debate.

Hon. Mr. Macdonald: I think we are going far beyond the provisions of this bill. The bill merely provides that the amount of the retiring allowance which was authorized by the act of 1952 shall remain the same.

The honourable member from Churchill (Hon. Mr. Crerar) has suggested that we should inquire into the soundness of the fund. There is no reference in this bill to the amount which the government will pay in. It was agreed by both houses of parliament two years ago that the government would contribute dollar for dollar with members of the House of Commons. There is no change in that respect, and the matter is not before this house for consideration: it has nothing to do with this bill.

To the question raised by the honourable senator from Mount Stewart (Hon. Mr. McIntyre), whether the contribution will remain at six per cent, the answer is that it will continue to be six per cent only to the

extent of the first $4,000 of the indemnity. So no change has been made in the contribution of the member, nor, as I said before, in the amount provided by the government.

The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) and all other honourable senators who have spoken have referred to a lack of provision for widows of pensioned members. I submit that that is something which could only be considered at this time if it had been raised in the other place and dealt with in this bill. But it is not in the bill.

I think that honourable members of the other house will appreciate the remarks which have been made here today. All of us agree, I am sure, with what has been said regarding the great contribution which our wives make to the service we are able to render to the people; and I am sure that it will also be noted in the other place. If I correctly interpret the feeling of this house, it is that, should the House of Commons make provision for the widows of members, not only would it meet no opposition in this chamber, but it would be gladly welcomed.

I do not know that there is anything I can add. Perhaps, in view of references which have been made to the expense involved, honourable members may be interested to know that although the last election resulted in a change of approximately seventy members in the personnel of the House of Commons, only sixteen of those who did not return are eligible for pension. Five of them are of the age of seventy or over. Those who receive the retirement allowance do not get the old age security pension. So it cannot be said that this provision is costing the people of Canada an enormous sum of money, as money is regarded in this year of grace 1954.

If honourable senators want to have this bill go to a committee, I have no objection, but I repeat that the bill merely confirms the provisions of the present act, whereby members of the House of Commons will pay into the retiring fund $240 a year for seventeen years. I commend the bill to the honourable members of this house.

Some Hon. Senators: Carried.

Hon. Mr. Crerar: Can the honourable leader (Hon. Mr. Macdonald) inform the house whether the fund, on its present basis of contributions, is able to support the pensions that are now being paid out of it?

Hon. Mr. Macdonald: It is impossible for me to give a definite answer to that question, but I would think that the fund is able to support the present drawings of only sixteen members.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Golding: Now.

Hon. Mr. Macdonald: Now.

Hon. Mr. Roebuck: I have no desire to delay passage of the bill, but I think some useful purpose might be served by referring it to the Standing Committee on Banking and Commerce. The discussion which has taken place this afternoon has served to illustrate just how much the bill contains that is of interest to all members of parliament.

Hon. Mr. Macdonald: If it is the wish of honourable senators that the bill be referred to the Standing Committee on Banking and Commerce—

Some Hon. Senators: No, no.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Some Hon. Senators: Now.

Hon. Mr. Macdonald: I could not move that it be now read a third time without having the unanimous consent of the house. If it is the feeling of honourable members that the bill should not be referred to committee, I would move that it be read a third time at the next sitting.

Hon. Mr. Roebuck: I think the bill should be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Macdonald: If any honourable senator feels strongly that the bill should be referred to committee, I do not think the house should resist. I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

NORTHWEST ATLANTIC FISHERIES CONVENTION BILL

SECOND READING

Hon. Thomas Reid moved the second reading of Bill 251, an Act to implement the International Convention for the Northwest Atlantic Fisheries.

He said: Honourable senators, the purpose of this bill is to give the government statutory authority to carry out the obligations assumed by Canada under the International

Convention for the Northwest Atlantic Fisheries signed in Washington on February 8, 1949, and ratified on July 3, 1950, following approval by parliament on joint resolution of the two houses.

Honourable senators can feel very proud of Canada's position as a world leader in the matter of conserving and preserving off-shore fisheries. Canada is now a member of a series of international fisheries conventions, four of which are the Halibut Convention of 1923, the Fur Seal Convention between the United States and Canada, the International Pacific Sockeye Salmon Convention, and the North Pacific Fisheries Convention which was signed last year between Canada, Japan and the United States.

One might ask why there has been such a delay in giving the government authority to carry out the obligations assumed by Canada under the International Convention for the Northwest Atlantic Fisheries, which was ratified four years ago. There is a very simple explanation for the delay. Some countries which signed the agreement have not had nearly as much experience in international fisheries matters as Canada, and it has taken all this time for them to become acquainted with the regulations embodied in the agreement and to be assured that their interests will be protected.

The northwest Atlantic is the area to which this convention applies, and the principal fishery in this area is on the Grand Banks, off Newfoundland. It should be pointed out that although the Grand Banks have been fished off since Sir John Cabot went there, in 1497, some 456 years ago, they still are one of the world's greatest fishing grounds. However, this international agreement has been entered into because intensive fishing has depleted certain species of fish on the Grand Banks.

There are ten contracting nations to this convention: Canada, Denmark, France, Iceland, Italy, Norway, Portugal, Spain, the United Kingdom, and the United States. The convention has set up an administrative organization under the chairmanship of Dr. Stewart Bates, Canada's very able Deputy Minister of Fisheries. Dr. Bates was honoured this year by being made the first chairman also of the North Pacific Fisheries Commission. I think it is fair to say that it was due to the generous offer of the Government of Nova Scotia and the Governors of Dalhousie University, that the permanent headquarters of the Northwest Atlantic Commission is to be located on the university campus at Halifax. This means that the headquarters of three international fisheries commissions will be located in Canada: the Northwest Atlantic Fisheries at Halifax, the International Pacific Sockeye Salmon Fisheries Commission at New Westminster, and the North Pacific Fisheries Commission at the University of British Columbia. The latter headquarters have so far been established on only a temporary basis.

The International Commission for the Northwest Atlantic Fisheries has drafted regulations to enforce conservation measures, and the bill before us requests the legal power to enforce these regulations on Canadian fishermen.

Honourable senators, that in brief is an explanation of the bill before the house.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: With leave, next sitting.

SALARIES BILL

ORDER FOR SECOND READING STANDS

On the Order:

Second reading of Bill 172, intituled: "An Act to amend the Salaries Act"—Hon. Mr. Macdonald.

Hon. Mr. Macdonald: Honourable senators, I am informed that copies of this bill have just arrived in this house and have not yet been circulated.

I have in mind also that the Banking and Commerce committee is in session at the present time, considering an Act respecting the Canadian Forces and also an Act to amend the Patent Act. I believe certain honourable senators would like to attend the meeting.

I move, therefore, that this order stand.

Hon. Mr. Reid: Are the bills being discussed by the Banking and Commerce meeting now? I understand that the committee is to meet when the Senate rises.

Hon. Mr. Macdonald: I believe the honourable senator from New Westminster (Hon. Mr. Reid) is right. Perhaps the chairman of the committee is waiting for a quorum.

The order stands.

DIVORCE PETITIONS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 294 to 305, dealing with petitions for divorce.

Hon. Mr. Roebuck, Chairman of the Committee, moved that the reports be concurred in.

The motion was agreed to, on division.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill U-10, an Act for the relief of John Wright Sinclair.

Bill V-10, an Act for the relief of Florence Jean Moffatt Tucker Johnston.

Bill W-10, an Act for the relief of Margaret Hilda Popper Parker.

Bill X-10, an Act for the relief of Cecil Alfred Ellis.

Bill Y-10, an Act for the relief of Robert Jackson.

Bill Z-10, an Act for the relief of Madeleine Marguerite Faure Eden.

Bill A-11, an Act for the relief of William James Cutler McKillop.

Bill B-11, an Act for the relief of Agnes Mary Kelly Winters.

Bill C-11, an Act for the relief of Florence Elizabeth Hough Topp.

Bill D-11, an Act for the relief of Roch Cote.

Bill E-11, an Act for the relief of Domina Emerius Lefebvre.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 25, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION

The Hon. the Speaker: Honourable senators, I have the honour to present a report of the Civil Service Commission of Canada respecting a revision in salary ranges for certain members of the staff of the Library of Parliament.

The report was read by the Clerk Assistant.

Hon. Mr. Beaubien: Honourable senators, with leave of the Senate I would move—

Hon. John T. Haig: Honourable senators, it was only within the last fifteen minutes that the contents of this report were made known to me, so I have had no time to study it at all. I suggest, therefore, that the report be allowed to stand over till the next sitting of the house.

Hon. W. Ross Macdonald: Honourable senators, before this report is allowed to stand, I would like to explain that adoption of this report will give to the staff of the parliamentary library the same percentage of increase in salaries as was given to other civil servants earlier in the year. As honourable senators realize, we are now near the end of the month of February and salary cheques for the last two weeks of February will be issued to civil servants on Friday or Saturday. After today this house will not be meeting again until next week—that is, at the beginning of March—and if the increases are not authorized before then they could not be included in salary cheques until the middle of March. If this report recommended for employees of the library salary increases different from those given to other civil servants, we might be justified in holding it over. But, as I say, it does nothing of the kind.

Hon. Mr. Haig: Honourable senators, my position is simply this. I have never heard this matter discussed, aye or no, in any way at all. True, we have had increases in our indemnities, but that matter had been discussed up and down in the other house for days on end, and when it came to this house I understood the problem involved. I do not know the problem involved in the matter before us now. As Leader of the Opposition I have a duty to perform. I may be the leader of only five or six members, but my duty is to see that no legislation is put through here hastily unless I fully understand it. I cannot be overridden on this point, for a motion to adopt the report at this sitting requires unanimous consent. Surely if any member of the opposition does not know what is in a report it is his duty to the people of Canada, in general, and to this house, in particular, to urge that the report be allowed to stand over, to give him an opportunity to study it. I know that certain increases were given to civil servants in December and I agreed with them.

Hon. Mr. Macdonald: At that time these particular civil servants were left out.

Hon. Mr. Haig: And no doubt I shall agree with the proposed increases for these employees. They are not going to lose any money through our letting this report stand over. They will get their regular salary cheques at the end of this month, but the increase will come later. I do not believe that the civil servants involved are in such a position that it will do them any particular harm if they do not get the increase until the middle of March.

I repeat that it is my duty to insist that the house shall have a proper chance to understand this report before it goes through. I do not object to the fact that, on many issues, the majority override me. But I must make a stand when I think my duty is clear, although I would like to oblige the leader of the government.

Hon. Mr. Macdonald: It is not to oblige me, it is to oblige civil servants.

Hon. Mr. Haig: I know. I have a great respect for the Civil Service, but I have a greater respect for the taxpayers of Canada; and I say again that we must know what it is intended to do before it is done. So I must refuse my consent. Otherwise I would not be discharging my duty.

Hon. Mr. Reid: If I may be allowed one word, I would say that I look at this matter from a different point of view. According to my information, some ordinary messengers around this building are getting more pay than men with technical experience and ability employed in the library.

Hon. Norman P. Lambert: I think that, on general principles, the position taken by the honourable Leader of the Opposition (Hon. Mr. Haig) is sound. But in the particular instance before us, if any fault at all attaches

to the Civil Service Commission or any other agency, it results, I believe, from the fact that fair and just consideration has not been given to the employees of the library. An invidious situation arose at the time of the last general increase to which my honourable friend has referred. Unfortunately, the employees of the library have been the "poor relations" of the Civil Service—

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Lambert: —and consistently so. Until recently, as regards salaries, these men, from the chief librarian down, were ignored and neglected, and some of them are not yet at the salary level to which they are entitled. If anybody is at fault, it would seem to be the Civil Service Commission or the committee which has been dealing with this matter, in that we were not made aware of what was coming before us today. In the interests of justice there is every reason for better treatment for the staff of the library. I have been for sometime a member of the Library Committee, and I have a good deal of daily and weekly contact with the staff, so I know whereof I speak when I say that they have been the victims of a great deal of injustice in connection with rulings on the part of the Civil Service authorities.

The Hon. the Speaker: May I ask honourable senators to bear in mind that at the moment there is nothing before the house, and, unless with unanimous consent, the discussion cannot be continued.

Hon. Mr. Haig: Let me ask, is it possible for the house to sit tomorrow?

Some Hon. Senators: No.

Some Hon. Senators: Surely.

Hon. Mr. Haig: My question is directed to the Leader of the Government (Hon. Mr. Macdonald). My friends and I are willing to sit tomorrow. While I cannot withdraw my objection, I do not wish to hold up this matter unnecessarily.

Hon. Mr. Macdonald: The Leader of the Opposition (Hon. Mr. Haig) has asked me if it is possible for the house to sit tomorrow. There will be no other legislation before us this week.

The honourable senator from Vancouver South (Hon. Mr. Farris) has suggested to me that after the items on the Order Paper have been dealt with the house could adjourn for half an hour, to give honourable members time to peruse the report. Then the house could reassemble and take whatever action it sees fit. Does that suggestion meet with the pleasure of honourable senators?

Hon. Mr. Haig: That is all right.

The Hon. the Speaker: The report stands.

POST OFFICE BILL

REPORT OF COMMITTEE

Hon. W. D. Euler, Acting Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill 168.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications to whom was referred the Bill 168, intituled: "An Act to amend the Post Office Act", have in obedience to the order of reference of February 17, 1954, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: With leave of the Senate, I move that the bill be read the third time now.

Hon. John T. Haig: Honourable senators, as I did not have all the facts before me at the time I did not have much to say during the debate on the second reading of this bill; consequently I should like to make a few remarks at this time. The bill was thoroughly examined by the members of the Standing Committee on Transport and Communications this morning. The meeting was honoured by the presence of the Postmaster General, and a very able presentation was given to the committee by the Deputy Postmaster General. The committee was informed that there are two or three main reasons for seeking to increase the postage rates on first-class mail. The first reason is the loss of revenue following the abolition of stamps on cheques. These were supposed to be excise stamps, with the revenue going to the Department of National Revenue, and it was only when postage stamps were used on cheques that the Post Office Department derived any money. I understand, however, that the loss in revenue to that department from the removal of stamps on cheques amounted to approximately $7 million.

Another reason given the committee for seeking to increase the rates was the institution of a five-day forty-hour week, which goes into effect on April 1 and will make necessary an enlarged staff. Then there is a further loss owing to an increase in salaries and wages to Post Office employees.

As to the loss of revenue following the removal of stamps on cheques, the removal was announced last year without any suggestion that it would result in loss of revenue

to the Post Office Department. As I have said, excise stamps and not postage stamps were supposed to be placed on cheques, with the revenue being allocated to the Department of National Revenue; but the habit of using postage stamps instead of excise stamps was allowed to continue.

As to the wage increases, I have no criticism on that issue. I never thought the Post Office Department employees got too much money, and even with their increases they will not be paid too much.

There is a good deal of dispute about the five-day week. We ought to face the fact that a five-day week is not being introduced into this country by legislation. Neither the House of Commons nor the Senate has passed legislation for a five-day week. It has been adopted as a policy in the case of the Post Office Department. Whenever the question of wages arises in parliament, the fact will have to be met that the government has given recognition to and approved the five-day week. The labourer is worthy of his hire, there is no question about that. But the competition for world markets has to be considered. The other day the Right Honourable Minister of Trade and Commerce replied to the requests of a delegation in this manner, "How can wages be paid, let alone be increased, when the product manufactured is being priced out of world markets?" Germany is really determined to sell goods in world markets, and Japan is showing an equal initiative.

I agree with the honourable senator from Queen's (Hon. Mr. Jones) that legislation for a five-day week has never been passed by either the elected representatives of the people in the House of Commons, or by the appointed representatives of the people in the Senate. I say that is not proper. If the government, or any other body wants approval given to the five-day week, legislation should be passed to make it standard throughout Canada. Of course, I do not think farmers could possibly adopt the five-day week: they would have to work Saturdays, and Sundays as well, to get their crops planted and harvested.

Honourable senators, I have enumerated what I understand to be the three causes of increased costs in operations of the Post Office Department.

Hon. Mr. Macdonald: The rural mail carriers also were given an increase.

Hon. Mr. Haig: As I have said, I do not object to the salary increases.

The Deputy Postmaster General furnished us with those three items in committee this morning. Then I asked him a certain question, and he did me the compliment of saying, "I expected you to ask me that question."

Hon. Mr. Euler: I think he said he hoped you would not ask it.

Hon. Mr. Haig: No, he said first, "I expected you to ask me the question; I was waiting for you." What I asked him was this: "Outside of the items I have mentioned, how is the Post Office Department's deficit incurred? Is it through the handling of first-class mail, the handling of second-class mail, or the handling of some subsidiary matters?

I will deal with the subsidiary matters first, because they are quite small. The Post Office Department sustains a loss of $2 million a year on registered mail. It costs the public 20 cents to register a letter, but the handling cost to the Post Office is 35 cents. Although I do not pretend to be the greatest business man in this chamber, I know a little about business and something about law. In my law office in Winnipeg, and of course in other law offices too, it is a common practice to send out certain notices by registered mail, and that is equivalent to personal service of these notices. To send a notice by registered mail costs 20 cents, but if the party were served personally by a bailiff the cost would be $4 or $5, or if the personal service was by a member of my staff it would cost $1.50.

Hon. Mr. Beaubien: How much do you charge the client?

Hon. Mr. Haig: According to what we spend. Personal service costs the client money, and I object to imposing any avoidable charges upon him. I do not like saying to a client, "We have to charge you $1.50 for service". The point I want to make is that registered mail is of benefit to the people. I know it is of great benefit to the legal profession. Men write to my office by unregistered letter about their standing in the military service, and enclose papers of value. When the charge for registration was 10 cents my office used to return those documents to them by registered mail, but since the rate has increased to 20 cents we have stopped using that service.

The argument is advanced that if the registration fee is increased to 35 cents there will be fewer users of registered mail. That may be true in small businesses. The only way the Post Office Department would be affected is that fewer people would have to be employed on registered mail. That does not mean that some employees would be discharged, because the introduction of the five-day week will make more employees necessary, and it would only be necessary to

transfer any employee or employees from the registered mail department to some other department. In the Winnipeg Post Office a clerk who handles registered mail does a number of other jobs as well. Registrations are just part of the general work of the office.

I wish to emphasize that the real cause of the deficit is not the $2 million lost on registered mail, nor the $6 million loss incurred by the removal of the cheque stamp tax, nor the increase in wages, which in his report the Deputy Postmaster General stated was $5 million, but which he told us this morning would probably amount to $8 million. The big loss is on periodicals, a classification which includes all newspapers. The Deputy Postmaster General told us this morning that he estimated this loss at $15 million. Why should no increase be applied to periodicals? I hold no brief for the newspapers of Canada; they abuse me like a pickpocket, as they have abused all other honourable senators right along. I say, "Go to it all you can". I do not think anybody is getting greater service for nothing than the publishers of the periodicals of this country are receiving from the Post Office Department. That service has created a loss of $15 million on the department's operations, yet no increased rate is provided for in this measure. I think that is deserving of consideration.

The majority may vote for this bill, I do not recall that we have ever before had a chance in this house—at least since I have entered it—to show the people of this country that we think the postage on first-class mail, which yields a profit now, should not be increased. The Deputy Postmaster General told me in committee that out of every dollar of the department's revenue approximately 46 cents was derived from first-class mail, and out of every dollar of expenditure 29 cents was attributable to first-class mail. On the other two classes, namely, registered mail and second-class mail, there was a loss of $17 million.

Honourable senators, that is the issue. I am positive that more people in Canada are disturbed over this proposed legislation than over any other legislation that has come before this house since I have been a member of it. As I said in my earlier speech on this question, the increase in rates strikes at a very vital means of communication—the private letter from person to person, which is a sacred thing.

Some newspapermen tell me that if they did not have a favourable postage rate on their papers they could not send them out. I am further told that 85 per cent of newspaper distribution is by mail. This I simply do not believe. I think more people read city dailies than read any other papers. But whether that is true or not, why should the person who writes a letter—the mother who writes to her son, or the husband who writes to his wife—have to make up the $15 million loss just to help out some commercial enterprises?

Some people may argue that the five-day week for postmen, the discontinuance of stamps on cheques and the increase in pay of postal employees justify an adjustment in rates. But beyond those questions, I do not think there can be any dispute. The fact is that the handling of second-class mail has resulted in a loss of $15 million, and it is now proposed that letter writers be asked to pay it. That point may have been raised in another place, but I am not aware of it; nor did any newspaper that I have seen make mention of it.

I have nothing personal against the newspaper business, but I would point out that the newspaper proprietors have increased their wealth over the last ten years at a greater rate than has any other class of people in our communities. The value of their businesses has gone up over the past ten years at a tremendous rate. They are doing a huge amount of advertising, compared with that of ten or fifteen years ago, and they scarcely know what to do with their money. Newspaper owners may say that it is the rural paper that is not paying its way in the mails. Well, I have not seen all the rural papers, but in my opinion those I have seen are for the most part gossip sheets. They contain chiefly items such as this: Mrs. Jones has gone away; Mrs. Smith is out of town, or somebody is visiting somebody else. The people are entitled to get that kind of news, but they should not get it at the expense of letter writers.

For those reasons, honourable senators, I object to this bill being passed. I protest against one class of the community being charged postage for services extended to another class. The honourable senator from Toronto (Hon. Mr. Hayden)—I am sorry he is not in his seat at the moment—said earlier that the principle of the bill is to provide enough revenue to make good the loss. Certainly, that is its purpose. But what would a business man do if he found one department in his organization was not carrying itself? He would either get rid of it or make it pay its own way. For those reasons I am against the passage of this bill.

Hon. Mr. Farris: May I ask my honourable friend a question? Unfortunately, I was not

in committee this morning when this measure was considered, and I should like to know what reason was given for not increasing the rate on second-class mail.

Hon. Mr. Haig: No reason was given.

Hon. Mr. Euler: Certainly a reason was given: That the smaller papers would go out of business.

Hon. Mr. Macdonald: The smaller papers would be put out of business.

Hon. Mr. Haig: I did not consider that a reason. Why should the letter writers pay a higher rate of postage to keep the smaller papers in business? If, for instance, my law office is not a paying business, nobody is going to subsidize me to keep it going; and I do not hear of anybody being asked to help the grocer who cannot pay his bills. If it is the case that the small weekly newspapers require to be subsidized, why doesn't the government subsidize them directly? In that way we would face the question squarely. I repeat, why should letter writers be asked to subsidize the small newspaper business?

Hon. William A. Buchanan: Honourable senators, I hesitate to participate in this discussion, because it might appear that I had a personal interest in the subject. But I should like to mention my own experience as a newspaper publisher.

Only a very small percentage of the copies of my paper are sent to subscribers through the mail, and if there was an increase in that class of postage it would affect only a small proportion of the circulation. As was mentioned by one honourable senator in the earlier discussion, for that proportion of the circulation on which any increased postage was imposed, the increase could be added to the subscription rate.

I should like to remove from the minds of honourable senators the idea that as far as daily newspapers are concerned—and I would include the metropolitan newspapers in that class—only a small proportion of their circulation goes through the mail. The larger amount is distributed by newsboys, not only in the city where the newspaper is published but in the territory served by it. Even in the smallest hamlet in the area tributary to the newspaper I publish, the copies are distributed to subscribers by newsboys. How do the papers get to the newsboys? Usually by truck, express service or trains—not through the post office at all. It may be, of course, that other newspaper publishers in my category have not found conditions as I find them.

On the question of subsidies, some mention should be made of the monthly periodicals about which representations in regard to the postal rate are continually being made. The companies concerned have argued that the higher rates go, the higher their subscriptions will be, and they have to compete with widely circulated publications from another country which come by express to the dealers in towns and cities.

I am not putting up a special plea for anybody. I am simply pointing out that in my experience only a limited portion of the newspaper circulation goes through the mails; and if the postal rates were increased it would not mean as much as some honourable senators may think by way of revenue to the department.

I emphasize, honourable senators, that I speak only for myself as an individual publisher.

Hon. Thomas Reid: Honourable senators, as one senator who took a stand along almost the same line as that taken by the Leader of the Opposition (Hon. Mr. Haig), I should like to say to the Leader of the Government (Hon. Mr. Macdonald) and to the Senate generally that there was not sufficient time while in committee to get all the information one would have liked on this exhaustive question of the cost of handling second-class mail. For instance, we received no answer as to why newspapers published in cities of not more than 10,000 population are distributed within a radius of forty miles free of charge. As was pointed out by the honourable senator from Lethbridge (Hon. Mr. Buchanan), a large proportion of newspapers come to readers by way of news carriers.

In my opinion, we are not facing the facts of this case at all. Certainly the government is not facing them in asking one class of people to help pay for something that should be paid for by another class. I strongly suggest that we delay the return of this bill to the House of Commons and investigate the whole postal system to find out exactly where the loss of $15 million is suffered. We should know whether the loss is in respect to magazines, newspapers or other types of mail.

Hon. W. D. Euler: Honourable senators, I rise more particularly to direct my remarks to the statement made by the member from New Westminster (Hon. Mr. Reid). I was the Acting Chairman of the Standing Committee on Transport and Communications, which had this bill before it this morning for consideration, and I do not accept his statement that full opportunity was not given to every senator there to ask any questions he wished. In fact, the greater part of the morning was taken up with this bill. I should not like to think anyone felt that every facility was not given to all senators present

at the meeting, whether members of the committee or not, to ask all the questions they desired.

With regard to the objection made by the Leader of the Opposition (Hon. Mr. Haig), I may say off-hand that I think his argument is almost unanswerable. In the discussion the principle has been laid down that those who use a service should pay for it. If the Post Office Department is losing $15 million or $17 million a year, through the carrying of second-class mail, I think we can hardly deny that the rates for this class of mail should be increased, so as to pay for the service that is being rendered. I cannot for the life of me see why an ordinary letter writer, who puts a four-cent stamp upon his letter now, should have to pay an extra cent in order that papers and periodicals may be carried free. It has been mentioned here today that papers published in towns of not more than ten thousand population are carried absolutely free within a radius of forty miles. I think that is wrong. In committee this morning when the Leader of the Opposition asked a question with regard to this, it was said that if the post office made a charge for this service the smaller papers would be forced out of business. I rather doubt that.

Some Hon. Senators: Hear, hear.

Hon. Mr. Euler: But, even admitting that to be true, I do not see why the rate for first-class mail, which yields a profit to the department, should be increased in order that newspapers may be carried free or at less than cost. As a matter of business I do not think it is fair at all that you should charge one class for a service that is rendered to another.

I listened with interest to my friend from Lethbridge (Hon. Mr. Buchanan). He is in the newspaper business, as I used to be. However, I am not in that business now, so I have no particular interest in it. What he says about daily newspapers is correct. I do not think the Post Office Department suffers much loss through the carrying of daily newspapers in either small or large cities, becuse in these places the papers generally are delivered by carrier boys. And to outlying districts—this applies to cities of the size of Lethbridge, and certainly also to cities of the size of Kitchener—papers are carried by trucks and distributed by local people.

I conclude by saying that I do not think that we are adhering to the principle that has been laid down in this debate by a number of senators, and particularly by the senator from Toronto (Hon. Mr. Hayden), namely, that those who use a service should pay for it, and I repeat that for the life of me I cannot see why first-class mail should pay for the losses incurred in the carrying of periodicals and second-class mail generally.

Hon. W. Ross Macdonald: Not having spoken on introducing the bill for third reading, I presume I have the right to say a few words now.

Hon. Mr. Haig: Go ahead.

Hon. Mr. Roebuck: Not to close the debate?

Hon. Mr. Macdonald: No, not to close the debate.

Honourable senators, I have been very much interested in what has been said here this afternoon, as also I was in what took place at the committee meeting this morning. That meeting provided us with a lot of valuable information. I wish to say that I agree with the honourable gentleman from Waterloo (Hon. Mr. Euler), who was the chairman, that every opportunity was given to all senators present there to ask questions. No restrictions whatever were imposed; in fact, one honourable senator present, who was not a member of the committee, was invited to ask questions.

I do not intend to speak for any length of time on this matter. I thought that when the bill was reported from the Standing Committee on Transport and Communications without amendment it would go through this house without further discussion. However, some objection has been taken to it. The Leader of the Opposition (Hon. Mr. Haig) suggests that as the five-day week will be instituted by the Post Office Department in April, this legislation will give legal effect to the five-day week. Surely he knows that is not so. Does he suggest that at present there is any legal obligation on any one to work six days a week? Is there any six-day-week legislation in effect at the present time in this country? There is certain legislation which prevents people from working seven days, that is, from working on the Sabbath day, but surely parliament is not going to dictate to people and tell them how many days a week they should work. Surely parliament is not going to say that everybody has to work six days, or that people are to be allowed to work five days only.

We must be realists in this matter. The Post Office Department has to recruit a staff. How could it induce men to work six days a week in communities where everyone else is working five days? It just could not be done. The department has not been forward in bringing in the five-day week; it is merely falling in line in communities where the five-day week has already been put into effect.

The honourable senator from Medicine Hat (Hon. Mr. Gershaw) complains that although there is a five-day week generally in his district, it has not been put into effect by the post office there. Another honourable senator pointed out in committee that the five-day week has not been put into effect in his district generally, but that the postal employees there have a five-day week. The Deputy Postmaster General stated this morning that if mistakes have been made the department would try to adjust them.

The question of the loss incurred in handling registered mail was inquired into this morning, after the matter was brought up by the Leader of the Opposition (Hon. Mr. Haig). The Deputy Postmaster General said that, provided the volume of registered mail remained as at present, the service could be made self-sustaining if the fee were raised to thirty-five cents from the present fee of twenty cents. But he felt that if the fee were so increased there would follow such a reduced volume of registered mail that the loss would greatly increase. The department considers that at a fee of twenty cents it is getting a volume of mail on which the loss is as small as possible.

The Leader of the Opposition (Hon. Mr. Haig) suggests—I think this is the only conclusion we can come to from his remarks—that registration of mail should be done away with. Now, I do not think the people in this country are prepared to do away with the privilege or the right of registering their mail. I think that would be a mistake, and not practical. We must retain the right to register mail. If it cannot be done at a profit, we should keep the loss as small as possible.

The other matter which has been brought up is the cost of carrying newspapers. The honourable senator from Lethbridge (Hon. Mr. Buchanan) has pointed out that the big city dailies spend little money on postage, since most of them make deliveries by other means than the mails. It is the small dailies that use the mails.

Hon. Mr. Haig: The small weeklies.

Hon. Mr. Macdonald: The small weeklies. I do not know if I was correct in saying that the dailies in small communities go through the mails, but I think some of them do. However, the great bulk of this business is derived from the rural papers. I was astonished to hear the Leader of the Opposition (Hon. Mr. Haig) say that the small rural papers are largely gossip sheets. Some of those I have read are far from being gossip sheets. The men and women who edit these papers give considerable time and thought to the articles which appear in them, and I do not think these papers should be destroyed through any act of ours. This morning, speaking in committee, the Deputy Postmaster General stated—and I think it has been confirmed by speakers this afternoon—that if these local papers are required to pay postage, practically all of them will go out of business. That may be so, although the honourable senator from Waterloo (Hon. Mr. Euler) and the honourable Leader of the Opposition (Hon. Mr. Haig) rather doubted it.

The honourable member from New Westminster (Hon. Mr. Reid) has made what to my mind is a very good suggestion, namely, that the whole question of where losses originate should receive further consideration.

Hon. Mr. Reid: It should be gone into fully.

Hon. Mr. Macdonald: Yes: he proposes, I understand, that the inquiry should be undertaken by a committee, either of this house alone, or of members of both houses. Having listened to the arguments today, I agree that the matter should be looked into a little more fully. I feel that we should not, at least at this stage, risk the possibility of putting these small rural "locals" out of business. My recommendation is that the bill, in the form in which it is presented, and as approved by the committee, be now passed and if it is felt that further inquiry is desirable, let us have it. But I repeat, we should not, without further investigation, take action which will put these small papers out of circulation. I ask honourable senators to support the bill; and we will not let the whole subject drop there.

Hon. Mr. Euler: In my opinion, the loss referred to is occasioned, not so much by the carriage of the smaller newspapers as by the transport of other periodicals and publications which come under the designation of second-class mail. That is where the remedy should be looked for.

Hon. Mr. Haig: The honourable Leader of the Government (Hon. Mr. Macdonald) said that I favour the abolition of registration of mail.

Hon. Mr. Macdonald: I understood the honourable gentleman to suggest that registration should be done away with.

Hon. Mr. Haig: No. What I said was that the fees for registration should pay the cost of the registered mail service. That is all.

Hon. Mr. Macdonald: That would make the cost so prohibitive that, for all practical purposes, it would be impossible.

Hon. Mr. Haig: Let us try it.

Hon. Mr. Macdonald: That is another matter which a committee could consider.

Hon. J. Gray Turgeon: I should like to say a word or two, and I am anxious to do it before the honourable senator for Churchill (Hon. Mr. Crerar) rises to speak—as I hope and believe he will.

I am in entire agreement with the excellent argument made by the Leader of the Government (Hon. Mr. Macdonald), to the effect that this proposed legislation be adopted, and that a study be made of the various causes of the losses sustained by the department, and what might be done to remedy these conditions. My suggestion is that the Committee on Finance, which under the chairmanship of the honourable senator from Churchill has done exceptionally fine work these last few years, should inquire into the matter of losses and profits and how they are affected by postal legislation and regulations of various kinds. I agree with the Leader of the Government that we should accept this bill and have it passed at once; and that the Finance Committee, of which I have the honour to be a member, should then take up the matters I have mentioned and during this session make recommendations which might be the basis of amendments to be introduced another session.

Hon. Mr. Aseltine: May I ask the honourable senator from Cariboo (Hon. Mr. Turgeon) if he is willing to pay the five cents' postage?

Hon. Mr. Turgeon: I would have to, whether willingly or not.

Hon. Mr. Aseltine: The honourable senator knows that, if the rate goes up to five cents it will never come down.

Hon. Mr. Turgeon: It could come down if a Senate committee, after careful study, so recommended. I cannot say that such a recommendation would be made.

Hon. Mr. Aseltine: That kind of thing has never happened yet.

Hon. Mr. Turgeon: It seems to me that, if such a recommendation were made, action on that line would probably be taken.

Hon. Mr. Crerar: Honourable senators, what I was about to observe—and I think I am out of order—is that the suggestion of the honourable senator from Cariboo (Hon. Mr. Turgeon) could not very well be acted upon until the committee received an instruction from this house to that effect. Of course, if the house should direct the committee to inquire into this subject, I have no doubt that the committee would do its best to investigate the matter.

Hon. Mr. Turgeon: The honourable senator from Churchill (Hon. Mr. Crerar), as chairman of the committee, might make a motion.

Hon. Mr. Crerar: As I said, I think I am out of order, and I am not going to discuss this matter further, other than to say this, that the great bulk of the second-class mail consists not of newspapers but of mail-order catalogues of all kinds from all sorts of places.

Hon. Mr. Lambert: And the Sunday papers.

Hon. Arthur W. Roebuck: Honourable senators, I have only one observation to make in connection with this matter. Unfortunately I could not attend the meeting of the committee; and I have no desire to take part in the general discussion. I would like, however, to compliment the Leader of the Opposition (Hon. Mr. Haig) upon his very forcible and logical address. On only one point would I take issue with him, and that is with regard to the five-day week. I cannot agree with him in attributing the losses or any part of the losses of the Post Office Department to the five-day week.

Hon. Mr. Haig: The honourable gentleman misunderstood me. I said the Deputy Postmaster General claimed that in order to handle the mail in a five-day week a larger staff would be required, resulting in increased wage costs.

Hon. Mr. Roebuck: That has nothing to do with losses in the Post Office Department, for the department has to pay the going rate of wages, whatever they may be, and maintain the general standard of living within each community. I take issue with those who blame the wage question for business losses and suggest that business interests would be advanced if men worked longer hours and accepted lower wages. Of course they would. Wouldn't it be a fine thing for business if wages were cut out altogether? But, as the Leader of the Government (Hon. Mr. Macdonald) has said, we must be realistic. The five-day week is now the established custom of industry across Canada, and is the very principle upon which municipal governments are operating. Civic employees in Toronto and Hamilton, for example, are working a five-day week.

Hon. Mr. Horner: That is not the case in the dairy industry.

Hon. Mr. Roebuck: Perhaps not, but according to my honourable friend from Blaine Lake (Hon. Mr. Horner) the dairy industry is depressed, and I hope it is not to be accepted as the guiding industry of this dominion. Employees of our provincial governments are also working the five-day week, which has become the general custom for all federal civil servants with the exception of the Post Office employees. The manner in which

the department has been operating has made it difficult to recruit the rank and file of postal employees. As the Leader of the Government has said, it would be doubly difficult to recruit a staff if the government, in resisting the march of progress, forced its employees to work longer hours than do industrial workers and other civil servants.

I compliment the Post Office Department on the way it has handled this situation. It inaugurated the five-day week for civil servants in all communities where that custom was firmly established. There was no obligation or compunction to give postal employees the five-day week; but why should they not have it? This is not the nineteenth century; it is the twentieth century, and modern production methods are sufficient to maintain Canada's production level on the basis of a five-day week. Canada is one of the largest and best producing countries in the world, and the efficiency of our government employees cannot be enhanced by depriving them of the general conditions enjoyed by industrial and other workers throughout the world, or certainly on this continent. I wish to take objection to the implication that the difficulty in which the Post Office Department finds itself has resulted from the introduction of the five-day week for its employees. And finally I would point out that we are certainly not establishing any precedent.

Hon. Mr. Crerar: May I ask the honourable gentleman if he thinks the five-day week is the established practice in the rural communities of Ontario?

Hon. Mr. Roebuck: It is becoming so in rural communities and everywhere else.

Hon. Mr. Crerar: Among farmers?

Hon. Mr. Roebuck: Not among farmers. The honourable gentleman asked me about rural communities. Farmers constitute only one portion of our diversely populated rural communities. Canada is rapidly becoming an industrial country, and industry today is a greater factor in Canada's production than agriculture, important as that is. Farmers are their own bosses and can work whatever hours they please, whereas industrial workers and office employees are in a much different position.

Hon. Paul H. Bouffard: Honourable senators, I did not intend to take part in this debate. I am not concerned with the fact that the Post Office Department has been incurring small deficits in the handling of registered mail. This service has been given the public ever since the establishment of the Post Office Department, and I do not believe the department would think for one moment of depriving Canadians of this service now.

I am not very much concerned either about the inauguration of a shorter working week for Post Office employees. The department can hardly expect its employees to work a six or seven-day week in communities where industrial and other workers are operating on a five-day week; and I certainly do not think it has been proven during this debate that the department has established the five-day week unduly. Actually, this is a small part of the operation of the department and something over which it has really no control.

There is no doubt that most people are disappointed that an increase is being made in the postage on first-class mail. The Post Office Department is a public service, and as such some of its branches operate in non-competitive fields, while others, such as the second-class mail service, operate in highly competitive fields. A public service must support that part of its operations which function on a competitive basis. In other words, if part of the service suffers a deficit, the balance of the service must cover the deficit, to ensure a successful overall operation.

I am quite sure that in seeking authority to increase certain rates the department must have taken into consideration the large number of new buildings it has erected throughout Canada in order to provide adequate service. Now, a portion of the construction costs, together with a portion of the cost of salaries for additional employees in an expanding service, must be met by revenue derived from the second-class mail service. Consequently, the revenue contributed from this source is beneficial to the operation of the first-class mail service. If revenue from the second-class mail service were to disappear, I am afraid that rates would have to be doubled on first-class mail. Therefore, I feel that we should give this whole subject careful study before we force the department to increase rates on second-class mail. We must remember that revenue from the second-class mail service will still permit ordinary first-class mail to be delivered for five cents. I think we should be very careful not to interfere with second-class mail service.

Honourable senators, I am going to support the bill, because I think the Post Office Department is in a much better position to consider these questions than we are. We have not had the benefit of a detailed inquiry, and I think we should be careful not to

destroy the existing arrangement for second-class mail and run the risk of unfavourable competition. The department is giving good service and I do not think it should be hindered in its operations.

Hon. Norman P. Lambert: Honourable senators, I wish to add a few words to what has already been said about second-class mail service. I attended the meeting of the Transport and Communications committee this morning and listened to the evidence, especially that of the Deputy Postmaster General, and I could not help feeling that the question of second-class mail should have received closer analysis. I feel that is particularly true in view of the references that have been made here, and I say that with all due respect to the honourable leader opposite (Hon. Mr. Haig).

I was brought up in a country newspaper office, in the days when newspapers were not as well off as they are today. Two competing weekly papers were published then where now there is only one.

The Canadian Weekly Newspaper Association is a very efficient organization, which serves the interests of weekly papers in many ways. There is abundant evidence that weeklies are doing well, and that is gratifying. Their editorials are better expressed than they used to be, and their volume of advertising has increased considerably. In short, weeklies are wielding throughout the country an influence far beyond that of past years. I pay this tribute with conviction, because I have observed the growth of that influence and I know something about the problems of editing and producing a weekly newspaper. If a closer examination of the functions of the weekly newspaper were made, more accurate data would be available than we have thus far received.

Another point I wish to make is about second-class mail. Reference has been made to the distribution of daily newspapers by carrier and by truck. The time element involved does not permit their carriage by train. But some publishers of daily newspapers issue a Sunday edition in the form of a magazine. These editions, which are very bulky, are sent out early in the week in order to reach far-distant points like Vancouver and Halifax. They are despatched across the country by train and mail at the rate of four or five cents a pound, as against the proposed rate of five cents per ounce for letters.

Honourable senators, I think more information should be obtained and a closer analysis given to the proportion of second-class traffic handled by the department.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Lambert: I could not help feeling that although the chairman of the committee afforded every opportunity to ask questions, a good deal more information could have been given and much more light shed on this problem.

Hon. George P. Burchill: Honourable senators, I should like to support what the honourable senator from Ottawa (Hon. Mr. Lambert) has said. I feel very much as he does on this question. But I have had a lot of inquiries from people, both heavy users of the mail and ordinary letter writers, asking the very questions put by the honourable Leader of the Opposition (Hon. Mr. Haig). And, frankly, I have not been able to answer them.

I am not a member of the committee which considered this bill this morning, and was not present at the meeting; but I have heard what the honourable leader opposite, who is a member of the committee, has said about it. After listening this afternoon to criticism of the bonusing of newspapers—

Hon. Mr. Haig: I said "second-class mail".

Hon. Mr. Burchill: I got the impression from listening to the debate that under this legislation letter writers would be bonusing the newspapers of this country. I think that idea may be a bit unfair to the newspapers.

Perhaps the bill should be passed this afternoon, but I certainly agree with those speakers who have said that a closer analysis should be made of the whole postal question, so that the people of this country will know what the true situation is. The suggestion made by the honourable senator from Grandville (Hon. Mr. Bouffard) may be the answer. Nevertheless, I think we should know the facts in order that five cents postage may not become a permanent impost on the letter writers of this country. I am all in favour of further investigation.

Hon. Mr. Haig: Question.

Hon. Mr. Macdonald: Question.

The Hon. the Speaker: Honourable senators, the question is on the motion of Hon. Senator Macdonald, seconded by Hon. Senator Lambert, for the third reading of Bill 168, intituled "An Act to amend the Post Office Act". Is it your pleasure to adopt the motion?

Some Hon. Senators: Carried.

Hon. Mr. Haig: On division.

The motion was agreed to, and the bill was read the third time, and passed, on division.

PRIVATE BILL

NIAGARA GAS TRANSMISSION LIMITED—
REPORT OF COMMITTEE

Hon. Mr. Euler, for the Chairman of the Standing Committee on Transport and Communications, presented the report of the Committee on Bill D-10.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill D-10, intituled, "An Act to authorize Niagara Gas Transmission Limited to construct, own and operate an extra-provincial pipe line", have in obedience to the order of reference of February 17, 1954, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting of the house.

CANADIAN FORCES BILL

REPORT OF COMMITTEE

Hon. Mr. Beaubien, for the Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 80.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill 80, intituled, "An Act respecting the Canadian Forces," have in obedience to the order of reference of February 18, 1954, examined the said bill and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

PATENT BILL

REPORT OF COMMITTEE

Hon. Mr. Beaubien, for the Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 177.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill 177, intituled, "An Act to amend the Patent Act", have in obedience to the order of reference of February 23, 1954, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Lambert: With leave, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill H-11, an Act for the relief of Lucien L'Esperance, junior.

Bill I-11, an Act for the relief of Charles Edouard Dubois.

Bill J-11, an Act for the relief of Donald Clarke Allen.

Bill K-11, an Act for the relief of Jean Albert Raymond Rasson Desloover.

Bill L-11, an Act for the relief of Hazel Helena King Featherston.

Bill M-11, an Act for the relief of Jessie Ruby Dawe Greenslade.

Bill N-11, an Act for the relief of Romuald Fregeau.

Bill O-11, an Act for the relief of Jean Nelson Williams Blampied.

Bill P-11, an Act for the relief of Horace Gervais.

Bill Q-11, an Act for the relief of Margaret Ann Eddie Casselman.

Bill R-11, an Act for the relief of Marcel Prud'homme.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

PRIVATE BILL

TRANS-CANADA PIPE LINES BILL—
FIRST READING

Hon. Mr. Bouffard presented Bill S-11, an Act respecting Trans-Canada Pipe Lines Limited.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Bouffard: Thursday, March 4.

NORTHWEST ATLANTIC FISHERIES CONVENTION BILL

THIRD READING

Hon. Mr. Reid moved the third reading of Bill 251, an Act to implement the International Convention for the Northwest Atlantic Fisheries.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill U-10, an Act for the relief of John Wright Sinclair.

Bill V-10, an Act for the relief of Florence Jean Moffatt Tucker Johnston.

Bill W-10, an Act for the relief of Margaret Hilda Popper Parker.

Bill X-10, an Act for the relief of Cecil Alfred Ellis.

Bill Y-10, an Act for the relief of Robert Jackson.

Bill Z-10, an Act for the relief of Madeleine Marguerite Faure Eden.

Bill A-11, an Act for the relief of William James Cutler McKillop.

Bill B-11, an Act for the relief of Agnes Mary Kelly Winters.

Bill C-11, an Act for the relief of Florence Elizabeth Hough Topp.

Bill D-11, an Act for the relief of Roch Cote.

Bill E-11, an Act for the relief of Domina Emerius Lefebvre.

The motion was agreed to, and the bills were read the third time, and passed, on division.

NATIONAL BATTLEFIELDS (QUEBEC) BILL

SECOND READING

Hon. Paul H. Bouffard moved the second reading of Bill 167, an Act to amend the National Battlefields (Quebec) Act.

He said: Honourable senators, in 1948 parliament appropriated to the National Battlefields Commission at Quebec the sum of $100,000 to be paid every year to the commission from 1948 until 1958. The bill at present before us proposes to appropriate to that Commission an additional amount of $25,000 each year for the four years from 1954 to 1958. I do not think I need to recall the reasons for the establishment of the National Battlefields at Quebec, and the foresight of our predecessors who took appropriate steps to preserve such a beautiful and historic site in Quebec. However, I propose to say a few words on the subject.

The commission was established in 1908 for two main reasons. The first was to help in the celebration of the tercentenary of the foundation of Quebec. That celebration was attended by thousands of Canadians and also by outstanding personalities from other countries, and included the then Prince of Wales and Princess Mary, who afterwards became our beloved King George V and Queen Mary. The second reason for establishment of the commission was that the government at the time decided—and the decision was highly approved by all Canadians and by many outsiders—to preserve this beautiful and historic site, the very place where the destinies of Canada were changed at the time of the battle between the French and English. That battle was considered, at the time, and would be even more so today, a mere skirmish, but certainly in its results it had an importance far beyond many great European battles which have since taken place.

Furthermore, in setting up the commission the government also had in mind the enhancement of unity between the French and English. Every year, thousands of Canadians, Americans and Europeans visit this beautiful and historic site where the last real fight between the French and English in America took place. A visit there recalls to the memories of Canadians the fact that at that very place two very gallant soldiers died in the service of their respective countries.

Hon. Mr. Lambert: Hear, hear.

Hon. Mr. Bouffard: Today it is a place where French and English meet and play, instead of fighting.

Hon. Mr. Reid: Are you right when you say the fight was between the French and the English? According to my knowledge of what took place, a lot of Scottish troops took part in the battle.

Hon. Mr. Bouffard: I know that a great number of English people fought there, and there may have been a few Scots fighting on the side of the English. There may also have been a few fighting on the side of the French.

Hon. Mr. Lambert: The honourable senator (Hon. Mr. Bouffard) must also know that quite a number of the Scottish soldiers stayed behind and married French girls.

Hon. Mr. Bouffard: I know of many people of Scottish descent living in the province of Quebec who bear Scottish names but who do not speak a word of English.

Hon. Mr. Roebuck: Would it not be more accurate to say that the battle was between France and England, rather than between the French and the English? I ask that because, if I am correct in my history, the local French people took very little part in the battle. Of course, I am subject to correction on that.

Hon. Mr. Bouffard: Honourable senators, please excuse me if I have not used the precise English words. If it is more accurate to say France and England, I am quite ready to do so, though I do not think it makes a great deal of difference. The fight is finished and everybody is happy. The two nationalities are more united than ever, and I think that result is due to the outcome of that skirmish. In reality it was one of the greatest battles ever fought in North America, for it ended all battles between those two great races in America, at least.

In 1908, the federal government appropriated to the commission the sum of $300,000, and at that time the commission also received from Canadians, English people, Australians and New Zealanders, sums of money totalling more than the federal contribution. As a matter of fact I think those gifts amounted to $550,000. I would like to mention the names of a few of the donors and the amounts they gave: The Province of Ontario, $100,000; the Province of Quebec, $100,000; Nova Scotia, $10,000; New Brunswick, $7,500; Manitoba, $10,000; British Columbia, $10,000; Prince Edward Island, $2,500; Alberta and Saskatchewan $10,000 each. Gifts from Canadian municipalities amounted to a little more than $17,000; gifts from institutions in Canada, Great Britain and other parts of the Empire reached a total of $3,700; industrial and commercial institutions, and banks in Canada and elsewhere contributed $16,000; associations in Canada and elsewhere, $4,000; subscriptions from individuals in England reached $5,300; anonymous subscriptions from England and Canada, $19,700; English subscriptions, special, $34,000. Thus it will be seen that many people were interested at that time in the establishment of this great park and its preservation for all time.

Hon. Mr. Jones: Did the Scotch not give anything?

Hon. Mr. Bouffard: They are included.

Hon. Mr. Reid: They gave their lives.

Hon. Mr. Bouffard: In 1908 the government transferred to the commission the properties it already owned there, and the park was eventually extended to the east and to the west. The park now extends as far as Dufferin Terrace. The amount appropriated by the government for improving and maintaining the ground as a park has always been rather small, and many improvements still have to be made.

The commission is composed of several men, all of them outstanding in their own field. Since 1908 the members of the commission have been very devoted to the task of improving and maintaining the ground, and have served without any remuneration. Canadians owe them a debt of gratitude for the work they have done and the devotion they have shown. The commission is composed of seven members, five of whom are nominated by the Government of Canada, one by the Government of Quebec and one by the Government of Ontario. The present commissioners, all of whom have served devotedly for a long time, are: Lieutenant Colonel Adjutor Amyot, President; Lieutenant Colonel Oscar Gilbert; James Y. Murdoch, of Toronto; William Stobo, of Quebec; Reverend Abbé Arthur Maheux, of Quebec; the Honourable Wilfrid Bovey, of Montreal; Lieutenant Colonel Raymond Garneau, of Quebec; and the Honourable William H. Price, of Toronto.

Since 1948 wages and salaries have increased everywhere, as everyone knows. And of course the cost of materials which have to be purchased for the maintenance and upkeep of the park are much dearer than they were before the war. During the war a part of the park was used by the Department of National Defence; it has now been restored to the control of the commission, and a great deal of work has to be done to put it back into proper shape. The demand made by the commission to have the allocation increased by $25,000 a year for four years is quite reasonable, and it was unanimously approved in the other house.

The Battlefield Park is a great asset, not only to the city of Quebec but to Canada as a whole, and I hope that this honourable house will agree to the request of the commission, approved by the government, and accept the bill.

Hon. Mr. Roebuck: In his excellent speech the honourable senator has given us some useful information, and the sentiment of the whole house is, of course, with him. However, as a matter of business I think we should know a little more about what this money is required for, and how the commission expends its funds.

Hon. Mr. Bouffard: In the first place, the commission employs in the winter-time approximately twenty men, and in the summer-time about forty-five men. My understanding is that these figures do not include the staff of the policing department. The employees prepare the grounds to receive flowering plants in the spring, and attend to the upkeep of the park, including preparations for the winter. They also cultivate the hotbeds in which are kept the flowers that are planted each spring.

Hon. Mr. Roebuck: What is the acreage of the park?

Hon. Mr. Bouffard: At first the area was 157 acres; today it is 232. The area has been considerably increased by expansion of the park since 1948.

The commission is so short of funds that it cannot pay employees the same rate of wages as men in similar occupations are paid both by government agencies and civilians elsewhere in Quebec. I think the commission should be in a position to pay the going wages.

Hon. Mr. Horner: Has some improvement been made on the retaining wall?

Hon. Mr. Bouffard: Some, but not very much. The main work is on the preparation of the ground, the upkeep of the flowers and flower-beds and the setting out of flowering plants in the spring. The policing work is also quite a job, because there must be at least ten miles of road in the park, and it is important to prevent abuse and damage. Also, as I have mentioned, the commission has to buy considerable material and do a great deal of maintenance of the grounds, the plants and the trees. Each year quite a few trees are planted, and of course they need attention. Altogether the operations are on a large scale and the place is very well kept. From time to time I have noticed, in visiting the park, that people living elsewhere in Canada or visitors from other countries have been much impressed with the manner in which the place is maintained. It is one of the most beautiful sights in Canada.

Hon. Mr. Lambert: Is the maintenance of the Citadel included in the work of the commission?

Hon. Mr. Bouffard: A certain part of it. The park has been extended to a point known as the Glacis, at the east end, and lately there has been included a location under the wall and extending as far as Dufferin Terrace. But the operations do not include the upkeep of the big stone walls from the Governor's House.

Hon. Mr. Lambert: So that there is no provision in this bill for maintenance of the Citadel?

Hon. Mr. Bouffard: No; the Citadel is maintained by the Department of National Defence.

Hon. Mr. Lambert: My recollection is that the subcommittee of the Massey Commission which dealt with historic sites and monuments made some recommendations with respect to the Terrace and the future of the park.

Hon. Mr. Bouffard: That is so.

Hon. Mr. Lambert: Does this bill cover some of those recommendations?

Hon. Mr. Bouffard: The outlays made by the commission at the present time do not include any repairs of the walls, or the houses of the Citadel. I believe it was recommended by the Massey Commission that these houses should be put into proper shape, and my understanding is that the Department of National Defence had decided to repair all of them. As a matter of fact, members of the 22nd Battalion are quartered in those houses which have been repaired and reconditioned.

I am sure that every citizen of Quebec will bless the day when the government decides to take over Dufferin Terrace and keep it up in a proper way.

Hon. Mr. Roebuck: What will happen at the end of four years, when these grants will cease? Will the commission come back to press for a continuation of the grants, or is some other plan under consideration?

Hon. Mr. Bouffard: Every ten years since 1908 a bill has been presented by the government to allocate to the commission the money necessary for the upkeep of the park for the next decade. The last bill, providing for $100,000 each year, was passed in 1948. In 1928 the provision made was, I believe, for $75,000; and it was enlarged ten years later to $100,000 annually. The government allocates funds according to the necessary expenditures of the commission. The additional $25,000 a year is granted until 1958, when the government will decide upon the amount of the grant for the ten years following.

Hon. Felix P. Quinn: Honourable members, I congratulate the honourable senator from Grandville (Hon. Mr. Bouffard) upon his presentation and explanation of this bill. As he has pointed out, under the bill submitted to us in 1948 the amount of $100,000 a year was appropriated by the government for the ten years following. At that time I brought to the attention of honourable members the condition of the Halifax Citadel, and suggested that this fortress receive from the government some consideration similar to that accorded to the Citadel at Quebec. My request met with little favour from speakers on the government side of the house, but I notice that a change of heart has since come about and that in each of the last three years the government has made appropriations for restoration of the old fortress at Halifax. A splendid job has been done there, under the capable supervision of Major Borrett, with the result that the Citadel has become a wonderful tourist attraction. It was pointed out in a recent meeting of the Standing Committee on Tourist Traffic that 80,000 persons visited the Halifax Citadel last year. I think

this fact alone proves that the effort has been well worth while, and that my submission certainly had some merit.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Quinn: My purpose in rising today was to suggest to the government that it continue making these annual appropriations until the restoration of the Halifax Citadel has been completed.

Some Hon. Senators: Hear, hear.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Roebuck: I would suggest that the bill be referred to the appropriate standing committee, for the publicity which is often given to matters of this kind when they are dealt with in committee is extremely valuable to the Senate. I should like to press Toronto's claims, just as our honourable colleague (Hon. Mr. Quinn) has for Halifax, but I am not in a position to do so at this time for I have not got sufficient information at hand. I feel it would be worthwhile to refer this bill to committee, where persons thoroughly informed on the subject—including the honourable member who has sponsored the bill (Hon. Mr. Bouffard)—could supply members with detailed information.

On motion of Hon. Mr. Macdonald, the bill was referred to the Standing Committee on Natural Resources.

EXPORT CREDITS INSURANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 295, an Act to amend the Export Credits Insurance Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

SALARIES BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 172, an Act to amend the Salaries Act.

He said: Honourable senators will recall that on January 26 the Prime Minister presented in the other place a single motion with respect to two bills. The first, Bill 171, an Act to amend the Senate and House of Commons Act, has already been passed by both houses of parliament and received Royal Assent. Adoption of that legislation has meant increased indemnities for members of both houses of parliament. The bill now before the house, Bill 172, an Act to amend the Salaries Act, unfortunately affects but one member of this honourable body, and that member happens to be myself.

Hon. Mr. Haig: The Senate will still pass the bill.

Hon. Mr. Macdonald: Perhaps I should have used the word "fortunately", for at least one member of the Senate will derive benefit from this new legislation. It is with some diffidence that I present this legislation to the house. However, this is a government measure and every member of the government shares in the collective responsibility for government policies; and it is as a government member that I present this bill for your consideration.

The purpose of this measure is to increase the annual salary of the Prime Minister from $15,000 to $25,000, and the annual salaries of other members of the cabinet from $10,000 to $15,000. Perhaps the house would be interested to hear the history of salaries paid to the Prime Minister and cabinet members since confederation.

Hon. Mr. Roebuck: Does the bill provide for an increase in salary for the Leader of the Opposition in the Senate?

Hon. Mr. Macdonald: An increase in the annual allowance of the Leader of the Opposition in the Senate was provided for in Bill 171, an Act to amend the Senate and House of Commons Act.

Hon. Mr. Haig: That legislation also provided for increases in the annual allowances of the Speaker of the House of Commons and the Leader of the Opposition in that house.

Hon. Mr. Macdonald: Bill 171, an Act to amend the Senate and House of Commons Act, authorized an increase in the indemnities of all members of parliament, and also in the annual allowances of the Leader of the Opposition in the Senate, the Leader of the Opposition in the House of Commons, and the Leader of the Government in the Senate.

Hon. Mr. Haig: I would point out that the Leader of the Government in the Senate is not eligible for an annual allowance if he is in receipt of a salary as a member of the cabinet.

Hon. Mr. Macdonald: That is right. Bill 171 also provided for increases in the annual

allowances of the Speaker of the Senate, the Speaker of the House of Commons, and the Deputy Speaker of that house.

I started to give a brief history of the salaries of the Prime Minister and members of the cabinet since confederation. In 1868 the salary fixed for the Prime Minister was $5,000, and the same amount was set for every minister of the cabinet. In 1873 the Prime Minister's salary was increased to $8,000, and that of other ministers to $7,000. In 1907 the salary of the Prime Minister was increased to $12,000, but the salaries of other ministers remained at $7,000. In 1920 the present salary scale was established, that is, $15,000 for the Prime Minister, and $10,000 for the other ministers.

As to the salary of the Prime Minister, I think most honourable members of this house will agree that whoever happens to be the head of our government in Canada should receive a salary somewhat commensurate with his responsibilities.

Hon. Mr. Quinn: Hear, hear.

Hon. Mr. Macdonald: The bill before this house provides for an increase in salary for the Prime Minister. I am sure that honourable senators, and all members of the other house as well, will agree when I say we are fortunate in having Right Honourable Louis St. Laurent as Prime Minister of Canada at this time. Personally, I feel that on his world tour, by extending a spirit of good will to the people in the various countries he is visiting, he is probably doing more to bring about a better understanding among all peoples of the world than the billions of dollars that we have spent over the years on defence could ever be hoped to achieve.

Hon. Mr. Lambert: Hear, hear.

Hon. Mr. Macdonald: I am sure that the messages from Canada he is conveying to those countries will encourage them and reassure them that we love peace and want to live at peace with them.

I wish to impress upon honourable senators that the purpose of the proposed salary increase is to provide not only the present Prime Minister, but his successors in office, with a salary to which we think the person holding that important position is entitled. It cannot compensate for all the duties he performs, but the intention is to bring his salary somewhere in line with that of other heads of government.

Honourable senators may be interested to know the salaries that are paid to some other heads of government. The Prime Minister of the United Kingdom receives—as First Lord of the Treasury rather than as Prime Minister—a salary of £10,000 per annum.

Hon. Mr. Quinn: For life?

Hon. Mr. Macdonald: Yes; not only while in office, but for the rest of his life.

The President of the United States receives a salary of $100,000 per annum, plus $50,000 taxable expense allowance, plus a non-taxable travelling allowance not exceeding $40,000.

Under the bill before us it is proposed to increase our Prime Minister's salary to $25,000, which, though much lower than that of the President of the United States is approximately the same as that of the Prime Minister of the United Kingdom.

Hon. Mr. Paterson: Is that $25,000 taxable?

Hon. Mr. Macdonald: Yes, the salary of $25,000 is subject to income tax.

Hon. Mr. Reid: May I ask a question? My information is that the Prime Minister and the cabinet ministers of Great Britain receive salaries, but no indemnity. Is that correct?

Hon. Mr. Macdonald: I have no information on that. The honourable senator from New Westminster (Hon. Mr. Reid) may be correct.

Hon. Mr. Roebuck: There is no indemnity.

Hon. Mr. Haig: Oh, yes.

Hon. Mr. Macdonald: Of course, the parliamentary indemnity was considered in another bill. The present bill deals with salaries. The question that the honourable senator from New Westminster (Hon. Mr. Reid) put is an interesting one.

Hon. Mr. Reid: I think it is an appropriate question.

Hon. Mr. Macdonald: Yes; I think it is an appropriate question, and quite an interesting one. I followed the debate in the other house, and I do not think that question was raised. At any rate, this is the first time it has been brought to my attention. I had always assumed that the Prime Minister of Great Britain received an indemnity.

Hon. Mr. Reid: Lots of things have not been raised over there.

Hon. Mr. Macdonald: That is right. I do not think it is necessary to say anything further respecting the Prime Minister's salary. I should like now to refer to the salaries of the other ministers, who at present receive $10,000 a year. That salary was fixed in 1920, more than 30 years ago.

Hon. Mr. Euler: Is that salary not lower than the salaries paid to a number of deputy ministers?

Hon. Mr. Macdonald: Yes, my information is that in many instances the deputy minister's salary at present is higher than that of the minister. I believe it is correct to say that in certain instances that disparity will prevail even when the minister's salary has been increased to $15,000.

As honourable senators know, practically every person in Canada has received an increase in salary since 1920. The proposed increase is 50 per cent, and I doubt if there are many people in Canada whose salaries today are not 50 per cent higher than what they received in 1920.

One of the purposes of this bill, as the honourable senator from Waterloo (Hon. Mr. Euler) has implied, is to try to bring about a reasonable relationship between the remuneration of deputy ministers and that of the heads of the departments. I think another purpose of the bill—and I believe this has been expressed—is to bring the salaries of ministers somewhere in line with those received by senior executives in other occupations throughout Canada.

I leave the matter with honourable senators, merely repeating that the salaries of ministers of the crown have not changed since 1920, and now, after 34 years, it is proposed to increase the amount by 50 per cent.

Some Hon. Senators: Hear, hear.

Hon. Arthur W. Roebuck: Honourable senators, I think it should be pointed out that in actual fact the proposed increase is only a partial increase in respect of its buying power today. The Leader of the Government (Hon. Mr. Macdonald) has said that in the early years after confederation the Prime Minister and the other ministers of the crown each received $5,000, which at that time was a lot of money.

Hon. Mr. Euler: And there was no income tax to pay on it.

Hon. Mr. Roebuck: Not only was there no income tax, but the standard of living then was much different from that of today. No automobiles, not even a Ford, could be bought at that time; and the only method of transportation, until the railways were available, was by horse and cart. Further, the cost of the upkeep of a family today is far different from what it was in those days, because there are more things the family of today demands and should have. If we go back only thirty or forty years and compare the purchasing power of the dollar then with what it is today, we shall readily see that an increase in salary, numerically speaking, may not mean an increase in purchasing power.

It is absolutely necessary for the dignity of the country that the men who represent us in high office should be able to live on a standard comparable to that of men in similar positions in other countries. They should not be in such a plight as that described as his own by the present Minister of Finance, when speaking in another place a few days ago. I am thoroughly in accord with this decent and self-respecting act that we are now doing, that of giving the men who run this great country and spend the billions of dollars raised from the taxpayers a sum sufficient to maintain themselves in a standard of living which they ought to enjoy.

Hon. Thomas Reid: Honourable senators, with the remarks made by the last speaker I am quite in agreement. However, there are one or two things I should like to mention. May I first say that I had a particular reason for asking the honourable leader a question about the Prime Minister and other ministers of Great Britain.

As I followed the discussion on this legislation in the other place, it was apparent, as it often is, that all the details were not brought out. In dealing with this question of salaries for the Prime Minister and other ministers, I think the complete picture should be placed before parliament and the public generally.

I prefer the scale of payment of compensations in Great Britain where the Prime Minister stands high and is paid two and a half times as much as any other cabinet minister. Why should that not be so? The key figure in the entire political system is the Prime Minister. The British Prime Minister gets £10,000, and the rate for the other cabinet ministers is £4,000. But not all ministers receive that sum, for it is recognized that some portfolios are not as heavy as others. I am not suggesting that Canada should adopt the same differential as Great Britain has, because I realize how difficult it would be for a Prime Minister to make distinction between the responsibilities of cabinet ministers, from a pay standpoint. Nevertheless, we all know that in this country some government posts are more onerous than others.

I am about to make a suggestion affecting the compensation of cabinet ministers, though I am fully aware that once a custom has been established any remarks of mine are unlikely to change it. Having protested against the

amount set up in another place in 1931, for compensation in lieu of a motor car for cabinet ministers, I have waited a long time for an opportunity to renew my protest. My particular criticism is as to the $2,000 motor car allowance. I was in the other house when this subject was first introduced, and I am familiar with the story behind it. There was good justification for the then Prime Minister, the late Lord Bennett, to make the change he did, namely, to sell all ministerial motor cars and provide a yearly allowance of $2,000 for each minister. The fact, however, was that before this arrangement conditions had almost amounted to a scandal. Certain cabinet ministers were taking the car and chauffeur assigned to them almost around the world, at the expense of this country. But while the then Prime Minister changed the arrangement as to motor cars, human nature, it seems, did not change. If one looked into the details of the administration of that day, he might find out that although $2,000 was allowed to ministers for their motor car and chauffeur, the amount charged for the use of taxicabs was staggering. So it did not solve the problem of transportation costs.

What I want particularly to point out is that the motor car allowance was put in Appropriation Act No. 5 of 1931, as vote No. 352, and a similar vote has been made every year since. I shall read the vote:

To provide for payment annually from the Consolidated Revenue Fund of the sum of $2,000 to each minister of the crown charged with the administration of a department, the Solicitor General, and the Leader of the Opposition, and the sum of $1,000, each to the Speaker of the Senate and the Speaker of the House of Commons, in lieu of motor cars and their maintenance, including chauffeurs, the acceptance of such sums not to vacate their respective seats in parliament: and to authorize the Governor in Council to appoint any person now employed in the public service as a chauffeur of a passenger automobile at Ottawa, whose position is abolished, to a vacant position in the public service, provided such chauffeur has been continuously employed as such for at least two years and that the appointment will be made at no higher remuneration than he is now receiving.

I am one of those who believe that the Prime Minister should be placed away above all other cabinet ministers. I believe he should have the finest automobile and the best looking chauffeur to take him around, all in keeping with the dignity of his high office. I prefer not to mention any names on the question of allowances to cabinet ministers, but I have known some who collected their $2,000 for a motor car and chauffeur, but who had no car and no chauffeur, and every time they travelled by air or train they went at government expense. I am against the policy of handing out $2,000 for something that is not used. The allowance, when it was made in 1931, was for a specific purpose. I spoke against the principle of the allowance at that time, and I still believe that it should not be paid. The only opportunity I have had to raise the subject is under the Salaries Bill. I hope I am in order in doing so.

Hon. Mr. Roebuck: I think you are in order.

Hon. Mr. Reid: I know there are some who are fond of calling me out of order on the least provocation.

Hon. Mr. Quinn: Don't anticipate trouble.

Hon. Mr. Reid: I have no fear of trouble.

Hon. Mr. Euler: You have never run away from it.

Hon. Mr. Reid: I honestly believe the motor car allowance should be eliminated.

While I agree with the remarks of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) as to salaries, I would prefer to compare the rate of pay of our Prime Minister, not with that of the President of the United States or the Prime Minister of Britain, but with that of men in high positions in business in Canada, who are paid as much as $50,000 and $70,000. The Prime Minister will receive an increased salary, but in my opinion it should be higher.

What I am wondering about, though, is why was it ever proposed to give the Leader of the Opposition in the other place a salary equivalent to that of a cabinet minister. I do not know of any reason for that proposal. We say little about it, except outside of parliament. We say, "Let it go." Some say that we, ourselves, have been given an increase of so much, so why should we worry? I criticize this increase to the Leader of the Opposition because the duties of his office are small compared with those of the Prime Minister or of any other cabinet minister.

Hon. Mr. Quinn: How do you know? You have never been Leader of the Opposition.

Hon. Mr. Reid: I have been in opposition, but I have never been leader. When we discuss these matters we often compare our parliamentary system to the British parliamentary system, and at other times we turn to the United States for a comparison. The Leader of the Opposition at Westminister is paid only half of what a cabinet minister receives. I think that Mr. Atlee, as leader of a large opposition party, is entitled to £2,000 yearly.

Hon. Mr. Haig: Does not the Leader of the Opposition in the United Kingdom parliament receive the same salary as a cabinet minister? I think the present leader receives the same salary as the Prime Minister.

Hon. Mr. Reid: I think not, but of course the leader of the Labour Party has not always been a former Prime Minister. The present leader of that party in the United Kingdom happens to be a former Prime Minister, but if a new leader came along, as well one might, he would receive only a salary of £2,000.

Perhaps I stand alone in my thinking on this, but I wanted to take this occasion to suggest to honourable senators that if the ministers' motor car allowance is to be retained, and the salary increased the proposed scale as well, then let it be done decently; and instead of saying that they are to be paid $15,000 yearly, let us state the amount as $17,000. At present this $2,000 motor car allowance is a hidden gift and, furthermore, it is tax free. I would like to see us above-board on the facts.

I am not in favour of paying the Leader of the Opposition the same salary as is paid to a cabinet minister. And I am still of the opinion that a cabinet minister's salary is too close to that of the Prime Minister who, after all, holds the key position in parliament, occupying as he does the highest position in political life in this country. Those remarks of mine would apply to anyone who is Prime Minister of the country. I do not know if anything will be done about it: in fact, I doubt if anything will, but still I raise my voice in protest against this item.

Hon. John T. Haig: Honourable senators, I do not intend to speak on the bill, but I challenge the statement of the honourable member for New Westminster (Hon. Mr. Reid) that the Leader of the Opposition in the other place, no matter who he may be, is not entitled to receive the same remuneration as a cabinet minister. The Leader of the Opposition in the other place holds the most important position in Canada, outside that of the Prime Minister. He is a man who could possibly be Prime Minister. Nobody is under such close scrutiny as is the Leader of the Opposition. He cannot carry on any private business while holding that position.

I remember that in 1927, after the appointment of the late Right Honourable R. B. Bennett as leader of the Conservative party, I drove with him up Portage Avenue in Winnipeg. On that occasion Mr. Bennett told me that he had sold all stocks he owned in every company he was interested in because, as he said, he wanted to be able to stand up in the house and say he did not own stock in any company. At that time I thought he was a perfect jackass to do that, because the prices of stocks were rising. But apparently he was right, though I did not know it.

However, the point is that, under our system of government, the Leader of the Opposition does a magnificent work for this country. Some people may say that the present Leader of the Opposition is not as competent as the present Prime Minister. That is a matter of opinion, of course. The office demands that a man give his full time in service to it; and I venture again to say that, excepting the Prime Minister, and maybe not excluding even him, the Leader of the Opposition spends more time on public affairs than any other member of parliament. His time is fully occupied with the onerous duties of his office, for even if he did not feel inclined to perform them, party members would compel him to do so. I think Sir Wilfrid Laurier was the first Leader of the Opposition to be paid a salary. As a young man at that time I thought it was a move in the right direction, because I am sure it made him feel that he was an integral part of the parliamentary life of this country.

Hon. Norman P. Lambert: Honourable senators, I should like to point out that the question raised by the honourable senator from New Westminster (Hon. Mr. Reid) regarding the $2,000 motor car allowance is not referred to in this bill and could be eliminated at any time without an act of parliament. The honourable member is quite within his rights in calling attention to this item. It is a good thing, I think, to have members in this house who do see the flies in the ointment occasionally. I think, however, that on this occasion, emphasis has to be placed in another direction. Living in Ottawa as I do, I have for some time been fairly close, in an intimate way, to ministers administering the affairs of this country; and I often wonder if our people really have an adequate understanding or appreciation of the time and the study that ministers devote to public affairs. For them there is no prescribed limit to the daily hours of work or number of days per week during which they must devote themselves to the service of the people. They are on the job all the time.

Hon. Mr. Barbour: They do not come under the labour code.

Hon. Mr. Lambert: No. If one had the time and inclination one could cite many occasions when ministers, on their own initiative and possibly without consultation with their colleagues, have taken action on what they

considered to be an answer to an alarm or a call and thereby served the people of this country well.

Hon. Mr. Euler: Do you think they should be given the five-day week?

Hon. Mr. Lambert: I will leave that for contemplation to anyone who desires to propose it. I do believe, however, that a much stronger case can be made out for this bill than for any similar bill we have considered in the last month or so—and I do not mean to be invidious in that remark. But I rose to remark in particular about the Prime Minister.

Hon. Mr. Haig: You are on dangerous ground.

Hon. Mr. Lambert: I feel that this is rather an appropriate day on which to refer to the position of the Prime Minister. I do not very often commend the Montreal *Gazette*, but I do so now, for this morning it carried a front-page despatch and a leading editorial giving adequate reference to and comment upon the words the Prime Minister spoke in India yesterday. All honour to him for having expressed Canada's relationship to the United States in world affairs, and for pointing out in India—following the statement by its Prime Minister—that every assurance can be given to the world of the good intent of the United States in its efforts to bring peace to the world. I think it is impossible to translate or measure that contribution in terms of dollars and cents. The import of it will, I think, be felt in the days to come, probably in ways that few people can now estimate.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Lambert: I rather like what the Minister of Finance said in the other place, in dealing with this bill, that it is impossible to measure in terms of dollars and cents the satisfaction people get from service in public life, particularly by those holding ministerial positions. He said there were compensations in the form of friendships, contacts, experiences in the house, making speeches to the public, and so on, that could never be measured in terms of money. I think that is the note that should be struck in this connection at this time.

In raising the salaries of our ministers we can be quite certain that we are not rewarding them out of proportion to the remuneration paid to the heads of almost any branch of industry or business. I think this is a very appropriate time to give a token of appreciation to those who have to carry the real burdens of government and service to the people of this country.

Hon. R. B. Horner: The honourable Leader of the Government (Hon. Mr. Macdonald) and the honourable senator who has just taken his seat (Hon. Mr. Lambert) have spoken of tokens of recognition. That leads me to express a thought somewhat on the same line, and if in doing so I am out of order I hope honourable senators will bear with me. In an article which came to my notice the writer, whose name I believe was Woolston, put forward the idea that Canada might very well permit our Sovereign to honour, by the conferment of knighthoods, Canadians who have given outstanding service to the country. Surely we are now sufficiently grown up to throw off our former childish objections to these titles, and the fear that they might be disapproved here and there in the great country to the south of us. To my mind, the picture today is entirely changed; in fact our good friends, I believe, rather envy us our position and our achievements. It seems to me that if this change of view were made known to our Sovereign, now travelling in another great commonwealth country, it would delight her. Coming as I do from a farm family, and knowing many people who have lived lives of unselfish devotion to the public service, in medicine and many other vocations, I believe that we should reverse our present attitude, withdraw our objections, and allow our Queen to honour those who have earned these tokens of her favour. I am unalterably opposed to the hereditary principle; but that is another matter.

I concur with the Leader of the Government (Hon. Mr. Macdonald) and the honourable senator from Ottawa (Hon. Mr. Lambert) in their praise of the Prime Minister's noble efforts. As I understand it, his purpose is to demonstrate to the world Canada's desire to do everything in her power to maintain peace and create better understanding throughout the world. I for one would be delighted if our Sovereign were allowed to call him "Sir" Louis St. Laurent.

Some Hon. Senators: Hear, hear.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

PRIVATE BILL

CANADIAN NURSES' ASSOCIATION— SECOND READING

Hon. Norman M. Paterson moved the second reading of Bill F-11, an Act respecting Canadian Nurses' Association.

He said: Honourable senators, I have been asked to sponsor this bill, and as it is of some interest to everyone here, in that all of

us, at some time in our lives, have benefited by the services of the nursing profession, I would like to make a brief explanation. The main purpose of the bill is to permit the Association of Registered Nurses of Newfoundland to become an association member of the Canadian Nurses' Association.

The Canadian Nurses' Association was incorporated by special Act of Parliament, chapter 88 of the Statutes of 1947. The association existed for thirty-five years before that as an unincorporated association.

As the federation of nine of the Provincial Nurses Associations, it represents the registered nurses of Canada in the eyes of the people of Canada. It is a member of the International Council of Nurses and as such it is the recognized voice of Canadian nursing in the international field. The membership of the Canadian Nurses' Association as of December 31, 1953 was 35,195 registered nurses.

There are in Canada 171 schools of nursing, with a total enrolment of 15,713 student nurses. These schools graduate, in all, approximately 4,000 nurses per year. In addition, there are 14 university schools of nursing giving post-graduate courses for nurses, and in some instances basic nursing preparation.

The members of the Canadian Nurses' Association had a splendid record of service in the last war, when 3,040 registered nurses were on active service with the Royal Canadian Army Medical Corps, 280 with the Royal Canadian Navy, 450 with the Royal Canadian Air Force. As well, 300 volunteered for service in the South African Military Nursing services: a total of 5,070 on active service. Some 500 decorations were awarded to Canadian registered nurses.

The objects of the Association, which are set out in the 1947 incorporating act are: (a) To dignify the profession of nursing by maintaining and improving the ethical and professional standards of nursing education and service; (b) to encourage its members to participate in affairs promoting the public welfare; (c) to promote the best interests of the nurses of Canada and to maintain national unity among them; (d) to encourage an attitude of mutual understanding with the nurses of other countries.

The purpose of the present bill is to permit the Association of Registered Nurses of Newfoundland to be included as an association member of the Canadian Nurses' Association. In 1947, when the incorporating act was passed, Newfoundland not being within confederation, the Newfoundland association was not included as an association member. The Association of Registered Nurses of Newfoundland has applied for membership in the Canadian Nurses' Association, and the Canadian body wishes to accord membership to the Newfoundland association. The nurses of Newfoundland have pledged their willingness to accept the responsibilities and privileges which membership in the Canadian Nurses' Association will involve.

The bill contains a secondary provision of a minor nature. Since the Association was incorporated the Registered Nurses' Association of Prince Edward Island, one of the association members listed in section 60 of the incorporating act, has changed its name to the Association of Nurses of Prince Edward Island, and it is desired to properly describe that body in the statute.

I might say a further word for the information of honourable senators about the Association of Registered Nurses of Newfoundland. In the past the registration of nurses in Newfoundland was the responsibility of the Department of Health of Newfoundland. At the request of the Graduate Nurses Association of Newfoundland the nurses were given the responsibility of setting the standards for professional nursing by the enactment on December 20, 1953, of the Newfoundland Registered Nurses Act. Thereafter the Graduate Nurses Association of Newfoundland ceased to exist and was superseded by the Association of Registered Nurses of Newfoundland, the incorporation of which was provided for in the provincial statute.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Paterson: Honourable members, there is nothing contentious in this bill and ordinarily it would be referred to the Standing Committee on Miscellaneous Private Bills. However, in order to obviate the necessity for calling a meeting of that committee to deal with one piece of legislation, I would move that the bill be referred to the Standing Committee on Banking and Commerce, which, I understand, will be meeting shortly to consider other legislation.

The motion was agreed to.

DIVORCE PETITIONS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 306 to 318, dealing with petitions for divorce.

Hon. Mr. Roebuck, chairman of the committee, moved that the reports be concurred in.

The motion was agreed to.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, with leave I move that when this house rises today it stand adjourned until Tuesday next at 8 o'clock in the evening.

The motion was agreed to.

STAFF OF THE LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION CONCURRED IN

Hon. Mr. Beaubien: Honourable senators, if the house will revert back to motions, I would move:

That the report of the Civil Service Commission respecting the revision in salary ranges for certain members of the staff of the library of parliament presented to the Senate this day, be approved.

Hon. Mr. Aseltine: Honourable senators, I have been instructed by my leader (Hon. Mr. Haig) to say that he has had time to examine this report and is quite satisfied now to withdraw any opposition to its adoption at this time.

The Hon. the Speaker: Honourable senators, I would draw attention to the fact that other honourable senators also objected to the adoption of the report this afternoon; therefore, unanimous approval of the house must be given in order that the report may now be adopted.

Hon. Senators: Agreed.

The motion was agreed to.

The Senate adjourned until Tuesday March 2, at 8 p.m.

THE SENATE

Tuesday, March 2, 1954

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

CRIMINAL CODE

JOINT COMMITTEE ON CERTAIN QUESTIONS OF CRIMINAL LAW EMPOWERED TO RETAIN COUNSEL

Hon. Salter A. Hayden, Joint Chairman of the Joint Committee of the Senate and House of Commons on Capital and Corporal Punishment and Lotteries, presented the committee's second report.

The following was read by the Clerk Assistant, as follows:

Your committee recommend that they be empowered to retain the services of Counsel.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden: With leave, I move that the report be concurred in now.

Hon. Mr. Aseltine: On division.

The motion was agreed to, on division.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Howden, for the Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 319 to 338, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Howden, for the Chairman of the Standing Committee on Divorce, presented the following bills:

Bill T-11, an Act for the relief of Michele Grignon Ferguson.

Bill U-11, an Act for the relief of Emile Groulx.

Bill V-11, an Act for the relief of Doreen Jeannette Yvonne Sarah Mary Dorothy Sibley Cowans.

Bill W-11, an Act for the relief of Muriel Spencer Campbell.

Bill X-11, an Act for the relief of Yetta Frumkin Binder.

Bill Y-11, an Act for the relief of Vera Mary Drummond Stafford.

Bill Z-11, an Act for the relief of Alice Beatrice Cutler Murdoch.

Bill A-12, an Act for the relief of Maartje Stelling McLachlan.

Bill B-12, an Act for the relief of Wilfred Roy Fricker.

Bill C-12, an Act for the relief of Dorothy Adelaide Jorbahn Rosburg.

Bill D-12, an Act for the relief of Joseph Bernard Bertrand.

Bill E-12, an Act for the relief of Ann McKinnon Archibald Barnes.

Bill F-12, an Act for the relief of Joseph Gerard Arthur Valmore Tremblay.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Howden: With leave, next sitting.

EXCLUSION OF PUBLIC DURING PRAYERS

INQUIRY AND ANSWER

Hon. Mr. Roebuck inquired of the government:

What is the reason or justification, if any, for the exclusion of the public from the reading of prayers at the commencement of Senate sittings?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

On April 24, 1868, the Senate adopted a resolution which provided for the reading of prayers in accordance with the practice which prevailed at that time in the Parliament of England. This practice was to read prayers every day before the opening of the doors and has since been followed in the Senate of Canada.

SMOKING AND LUNG CANCER

INQUIRY

On the Orders of the Day:

Hon. Thomas Reid: May I once again ask the honourable Leader of the Government (Hon. Mr. Macdonald) if I may receive an answer to a question which I placed before him some time ago?

Hon. Mr. Macdonald: I am sorry to have to inform the honourable senator from New Westminster (Hon. Mr. Reid) that I have not yet received the information.

PRIVATE BILL

NIAGARA GAS TRANSMISSION LIMITED— THIRD READING

Hon. Mr. Connolly moved the third reading of Bill D-10, an Act to authorize Niagara Gas Transmission Limited to construct, own and operate an extra-provincial pipe line.

The motion was agreed to, and the bill was read the third time, and passed.

CANADIAN FORCES BILL

THIRD READING

Hon. Mr. Macdonald moved the third reading of Bill 80, an Act respecting the Canadian Forces.

Hon. John T. Haig: Honourable senators, in committee I took objection to the amendments to five statutes going through in one bill. Since then my opinion has been strengthened by that of several able lawyers, that this is not a proper way to amend legislation. It would have been much better for this house, or for the other place, to have had each of the five acts amended separately.

Hon. Mr. Aseltine: For the benefit of the public.

Hon. Mr. Haig: It would be much better for the house itself, and also very much better for the public. It takes considerable time and trouble to trace the various amendments of a statute in the law texts, and it is far more satisfactory to have one act amended by one bill. As far as my knowledge goes, that is the practice in all legislatures and parliaments. In 1924 the Revised Statutes of Manitoba were amended by the legislature. Counsel were appointed, at a cost of about $20,000 to $25,000, to make the revision. The amending of statutes is quite a difficult job, and it has to be done very carefully and minutely in order to avoid mistakes. In that same year the legislature passed an overriding statute to give effect to all the amending statutes up to that date, without revising the main statute. The revision took about four or five years, and it was a good thing for the lawyers—I admit that. But the ordinary layman could not find out what the law was at all; he was just lost; all he could do was to consult the different statutes and hunt up the amendments; and probably he could not find some of them, and even if he did he could not correlate them. That system has been done away with now.

Of course, I know it would be a little more difficult for the draftsmen of government legislation to take each act and amend it, but that method would be simpler to deal with in committee. In this particular instance, we had five different acts before us in committee, and we were obliged to take the word of the expert from the Department of National Defence as to whether the amendments in each case were satisfactory. The expert may be honest and fair, but our duty is to understand the effect of amendments on the legislation as it exists. That is more the responsibility of this house than of the other place, because we are concerned rather with the legislation itself than with public opinion. Our object is to pass the best legislation for the people of Canada as a whole, and in terms that they understand.

I am not going to vote against the passing of this bill—the committee has reported it, anyway—but I would suggest that in future when an act is to be amended, a bill be put through for that act by itself. It would not take much longer to draft a separate bill for each act, and both this house and the other place would find it much more satisfactory if that procedure were followed.

Hon. Mr. Macdonald: Honourable senators, I agree to a certain extent with what the honourable Leader of the Opposition (Hon. Mr. Haig) has said. Probably it would be more convenient if each act were amended separately. However, the bill has received second reading in this house and the principle of the bill has been adopted. Also, the bill has gone to committee and, as my honourable friend said, has been reported back without amendment.

Honourable senators will recall that this is at least the fourth year in which a bill similar to this one has been passed by parliament. Therefore, it is nothing new; in this legislation parliament is just following an established custom. As the honourable leader opposite has said, the procedure has some undesirable features. I assure the house that I shall bring his suggestion to the attention of the Department of National Defence.

Hon. Mr. Haig: Thank you.

The motion was agreed to, and the bill was read the third time, and passed.

SALARIES BILL

THIRD READING

Hon. Mr. Macdonald moved the third reading of Bill 172, an Act to amend the Salaries Act.

The motion was agreed to, and the bill was read the third time, and passed.

EXPORT CREDITS INSURANCE BILL

SECOND READING

Hon. James A. MacKinnon moved the second reading of Bill 295, an Act to amend the Export Credits Insurance Act.

He said: Honourable senators, it was my privilege just ten years ago this summer to introduce in the other house the original legislation which this bill proposes to amend. When the honourable Leader of the Government (Hon. Mr. Macdonald) asked me to explain this bill, my first thought was that

I should go over it clause by clause, but on second thought I decided it would perhaps be better to give a rather short summary of the proposed legislation.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Euler: That is quite right.

Hon. Mr. MacKinnon: The purpose of this amendment to the Export Credits Insurance Act is outlined in the bill before us, and affects only Part I of the Act which has to do with insurance granted to Canadian exporters to foreign countries. Part II of the Act, under which the authority was given to make loans to foreign governments, is not affected by this amendment.

The Export Credits Insurance Act was passed as I said, in 1944 with a view to assisting exporters in trade with various countries during and following the close of hostilities in which we were engaged at that time. Its purpose was to establish a corporation which would issue such contracts of insurance to an exporter—and I now quote from the original legislation—

> to insure him against any risk of loss in connection with the export, or an agreement for the export, of goods, by reason of the failure of the exporter, for any cause not avoidable by the exporter, to recover the selling price of the goods.

In this way it was proposed to assist in developing and facilitating trade between Canada and other countries.

These purposes have been accomplished and much trade has been encouraged on the part of private exporters, which otherwise we would not have enjoyed.

It should be noted also that there are no private commercial concerns providing this type of insurance. In all other countries where there is similar insurance available, it is provided by the government or with government backing.

Let me review for you briefly just how the Export Credits Insurance Corporation protects exporters who would otherwise face unexpected and unpreventable losses. Risks covered by the corporation include insolvency of a foreign buyer, cancellation of an import licence in the country of destination, and the risk of adverse changes in foreign exchange regulations. It does not, however, cover trade disputes as to the quality or quantity of goods received. Although it will insure against delays in collection, if the delay is not attributable to the exporter, it does not cover repudiation on the part of the buyer if the buyer is able to pay for the goods. However, if the exporter secures a court judgment and the judgment cannot be satisfied, the corporation would have to pay the exporter and take over his claim. The insurance also may cover any blockage of funds or transfer difficulties which would prevent payment in the currency agreed upon at the time of sale. It also covers war or revolution in the country of the buyer.

Because this assistance is available to exporters, many have found it easier to obtain financial assistance from their banks. Although the exporter has to compete in world markets on the basis of quality and price, the encouragement offered by this legislation stimulates a flow of trade which would not otherwise take place.

In order that a broad spread of risk may be achieved, the corporation requires its policyholders, exporting consumer goods, to insure all their export sales for a twelve-month period, excluding sales made to the United States, or sales made against irrevocable letters of credit. Really this is a reporting policy to cover future sales in a twelve-month period. Its policies also provide for payment to a maximum of eighty-five per cent of the contract price, leaving fifteen per cent to be borne by the policy holder.

One of the purposes sought in establishing this corporation was that it would operate on a self-supporting basis. Up until now the corporation has insured $235 million of goods exported to more than a hundred different countries. On this bulk of business gross claims paid have totalled $3·9 million, the bulk of which has arisen due to exchange transfer difficulties. Recovery of $1·7 million has been obtained while only $138,000 has been written off as non-recoverable. It is the hope of the corporation that the amount outstanding will be collected.

The net outstanding claims at December 31, 1953, totalled $2 million, of which it is expected that the major portion will be recovered. The average premium rate is 82 cents on $100, or less than one per cent of the selling price. The total premiums, plus interest, on the corporation's capital have covered operating expenses and net claims paid, and resulted in a balance to the credit of the underwriting reserve of the corporation in the amount of $1 million. In other words, they have paid all expenses and all claims and are $1 million to the good.

At present the corporation's capital is $10 million. It is authorized to take on risks up to ten times that amount, or $100 million. The corporation's capital and the capital alone is what provides the guarantee. Therefore, the board of directors must make sure that the capital is sufficient to meet any normal losses. The board of directors must, of course,

be careful not to take on liabilities in any one foreign country which might be excessive in relation to its capital. This results in a limitation in the corporation's activities, because large amounts are involved in sales of agricultural equipment and such goods as locomotives, which are presently being shipped to individual countries. This is the type of business which the corporation originally intended to handle, and yet it cannot at present commit itself to too great an amount in one area.

Although section 21 of the act allows the governor in council to authorize the corporation to insure where the insurance would impose a liability for a term, or amount, beyond that normally undertaken, it is felt that this measure should not be adopted to insure normal business which the corporation might handle, if it had sufficient capital. That is the reason for increasing the authorized capital from $5 million to $15 million, which, together with its $5 million capital surplus, would provide government backing of $20 million, and would enable the corporation to finance sales to the extent of $200 million.

A section of the present amendment requires that the corporation credit the entire excess of revenue over expenses and losses to an underwriting reserve. Since it was founded, the corporation has followed the practice of crediting its excess to such a reserve account. This amendment makes it mandatory to continue this procedure until the reserve reaches $5 million, and in order that funds may be available to cover future claims.

As I said earlier, the corporation does not insure exports to the United States because there is a private insurance company which undertakes to insure such credit risks. For that reason, two-thirds of Canada's total exports are not insured by the corporation. In addition, many of our major exports, such as wheat, newsprint and metal, are sold on a cash basis and, therefore, no insurance is required.

As I said in the beginning, it is impossible for private insurance companies, anywhere in the world, to undertake insurance which would have world-wide coverage, and I think it will be agreed that the operation under this act has been eminently helpful in developing foreign trade.

I am sure that honourable senators will wish to ask a number of detailed questions pertaining to operations of the corporation. If there are any questions to be asked now, I shall do my best to answer them, but it is my intention to move, after second reading, that the bill be referred to the Standing Committee on Banking and Commerce for further study and consideration.

Hon. Mr. Euler: I find it rather curious that, as my friend says, there is no company that will undertake to insure these risks for the benefit of exporters. Would not Lloyd's take that sort of insurance?

Hon. Mr. MacKinnon: Whether people would insure with Lloyd's or not is a different question, but there is no question of doing that business at the present time. The American Credit Indemnity Company does insure ordinary sales to the United States.

Hon. Mr. Euler: Just one other question: Who are the members of the corporation?

Hon. Mr. MacKinnon: The corporation consists, I think, of about seven or eight persons, largely civil servants, and in addition there is an advisory committee selected from right across the dominion of Canada. Information on this point was given during the debate in the other place.

Hon. Mr. Euler: Has the Minister of Trade and Commerce any authority over the corporation?

Hon. Mr. MacKinnon: The Deputy Minister of the department is one of the important members of the corporation.

Hon. Mr. Haig: I do not ask this to be contentious, but was it under this act that ships were sold to a Chinese company?

Hon. Mr. MacKinnon: That was done under part II of the act, which has lapsed. The transaction was handled through the Department of Finance, not through this corporation.

Hon. Mr. Haig: Is that sale included in the list to which the honourable senator referred?

Hon. Mr. MacKinnon: No.

Hon. Mr. Haig: I thought he mentioned an amount of $138,000. It must be larger than that; I think it is ten or twelve million dollars.

Hon. Mr. MacKinnon: The sale of those ships has nothing to do with the present bill.

Hon. Mr. Haig: Did not the money come from the same source?

Hon. Mr. MacKinnon: No, it was loaned through another department of government, and under different legislation.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. MacKinnon, the bill was referred to the Standing Committee on Banking and Commerce.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Howden, for the Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill H-11, an Act for the relief of Lucien L'Esperance, junior.

Bill I-11, an Act for the relief of Charles Edouard Dubois.

Bill J-11, an Act for the relief of Donald Clarke Allen.

Bill K-11, an Act for the relief of Jean Albert Raymond Rasson Desloover.

Bill L-11, an Act for the relief of Hazel Helena King Featherston.

Bill M-11, an Act for the relief of Jessie Ruby Dawe Greenslade.

Bill N-11, an Act for the relief of Romuald Fregeau.

Bill O-11, an Act for the relief of Jean Nelson Williams Blampied.

Bill P-11, an Act for the relief of Horace Gervais.

Bill Q-11, an Act for the relief of Margaret Ann Eddie Casselman.

Bill R-11, an Act for the relief of Marcel Prud'homme.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Howden: With leave, I move the third reading now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 3, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received a communication from the Secretary to the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber on Thursday, March 4, at 5.45 p.m., for the purpose of giving the Royal Assent to certain bills.

PRIVATE BILL

CANADIAN NURSES' ASSOCIATION—REPORT OF COMMITTEE

Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill F-11.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill F-11, intituled: "An Act respecting Canadan Nurses' Association", have in obedience to the order of reference of February 25, 1954, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: Next sitting.

EXPORT CREDITS INSURANCE BILL

REPORTS OF COMMITTEE

Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 295.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill 295, intituled, "An Act to amend the Export Credits Insurance Act", have in obedience to the order of reference of March, 2, 1954, examined the said bill and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

MEMBERS OF PARLIAMENT RETIRING ALLOWANCES BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 176.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill 176, intituled, "An Act to amend the Members of Parliament Retiring Allowances Act", have in obedience to the order of reference of February 24, 1954, examined the said bill and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

NATIONAL BATTLEFIELDS (QUEBEC) BILL

REPORT OF COMMITTEE

Hon. T. A. Crerar, Acting Chairman of the Standing Committee on Natural Resources, presented the report of the Committee on Bill 167.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Natural Resources, to whom was referred the Bill (167 from the House of Commons), intituled: "An Act to amend an Act respecting the National Battlefields at Quebec", have in obedience to the order of reference of February 25, 1954, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

ANIMAL CONTAGIOUS DISEASES BILL

SECOND READING

Hon. John A. McDonald moved the second reading of Bill 250, an Act to amend the Animal Contagious Diseases Act.

He said: Honourable senators, this is a short bill, which seeks to amend subsection (2) of section 12, of chapter 9 of the Revised Statutes of Canada, 1952. The bill would remove paragraphs (c) and (d), which set a limit to the compensation payable in respect of swine and sheep that have contagious diseases and have to be slaughtered. Under these paragraphs the maximum that can be paid to the owner of diseased swine is $50 for pure-bred animals and $30 for grade animals; in the case of sheep, $50 for pure-bred and $20 for grade animals.

It is now proposed, honourable senators, to repeal subsection 2 and in its place to have this new subsection:

(2) The compensation ordered to be paid under this section for an animal slaughtered under the provisions of this act shall be the market value that the animal, in the opinion of the minister or some person appointed by him, would have had immediately before slaughter if it had not been subject to slaughter under the provisions of this act . . .

In other words, the limits set by the present act are to be removed, and in their place provision is made that the minister or a committee representing him will decide what is the market value of the diseased stock, and that amount will be paid to the owners.

In practice, as honourable senators know, the minister does not do the actual appraising; and he would be unwise to do so. The committee representing him would consist of a veterinarian inspector, and a representative of the Marketing Service of the Department of Agriculture, as well as a representative of the department's Livestock Division. Those three men would set the value of any stock that went down with some contagious disease, such as hog cholera or tuberculosis.

Perhaps I could give an illustration which would explain more clearly the effect of the proposed legislation. Under the present act the owner of a pure-bred hog worth, for example, $100 would be paid at the most $50. Under the present bill, if it is enacted, the owner of such a hog would receive $100, provided the committee decided that at a recent sale in that community such a hog brought $100. If it were a grade hog worth, say, $50, its owner would receive under the present legislation $30, but under this bill he would receive what in the opinion of the committee the animal would have actually brought at a recent sale in his community; and if it were of the type which, had it not been diseased, would have been sold for meat, the committee would allow the owner what the slaughter house would have paid him for it.

Hon. Mr. Aseltine: What is the limit? Is it more than $50?

Hon. Mr. McDonald: The limit is to be removed.

There are two other paragraphs in this new subsection which have to do with compensation for diseased horses and cattle. In the case of horses, the bill would allow up to $200 for pure-bred animals and $100 for grade animals; for cattle, the allowance is to be $100 for pure-bred and $40 for grade animals. But under an amendment made to this act back in 1949, which honourable members will recall was made retroactive to some time in 1947, the owner of diseased cattle is not limited to receiving $100 or $40, but he receives what the carcass would have brought if sold for meat.

Hon. Mr. Hayden: There is no change in the law in that regard?

Hon. Mr. McDonald: No change in paragraphs (a) and (b), but I would like to point out that there is a difference between diseased swine and sheep and diseased cattle. Diseased carcasses of swine and sheep are usually of very little value, if any, for meat purposes. That is, it is not considered safe to use the carcass of a diseased hog or sheep for human consumption; whereas, in the case of cattle, if an animal goes down with tuberculosis the glands infected with T.B. are removed and the carcass is often used for human consumption. May I illustrate that still further: if you took a pure-bred animal that was worth, say, $300, under this legislation, which in this respect is not being changed, the owner would receive $100 and also what the animal would bring if sold for meat. It might bring an additional $100 or more.

Hon. Mr. Hayden: The valuation allowed for a carcass is made on the basis that it could be lawfully sold at that time at a certain price?

Hon. Mr. McDonald: On the basis, as my honourable friend says, that the sale was lawful.

Hon. Mr. Beaubien: Does that apply to pure-bred stock as well as grade stock?

Hon. Mr. McDonald: That applies to pure-bred stock and grade stock.

Hon. Mr. Howden: Do I understand from what my honourable friend says that animals infected with tuberculosis can be used for human consumption?

Hon. Mr. McDonald: Carcasses of diseased cattle are often used for food purposes after the glands or other infected parts have been removed. But, if I may repeat, it is not considered safe to use diseased carcasses of swine or sheep.

Hon. Mr. Howden: The human body is often subject to focal involvement, and I would imagine that these animals are too. I therefore think it is doubtful if these animals would be fit for use.

Hon. Mr. Horner: It might depend on the stage of the disease, on how far the disease had progressed.

Hon. Mr. McDonald: As it has worked out, it has been found that if the disease has not developed very far and is contained in certain

glands, these glands can be removed and the rest of the carcass is fit for human consumption.

Section 2 of this bill, honourable members, would simply make the bill retroactive to the 1st of May, 1953. That is, as I understand it, so that larger compensation can be authorized for hogs that went down with cholera in Ontario last spring. I think there were some 3,075 hogs, for which about $75,000 has already been paid in compensation, but it is felt that if some fairer and more generous compensation were allowed to the owners of diseased livestock, this would be an encouragement to cleaning up as quickly as possible any infectious or contagious disease.

Hon. Mr. Euler: How can you tell what those animals were worth at that time?

Hon. Mr. McDonald: If this bill should receive second reading, honourable senators, I would move that it be referred to the Standing Committee on Natural Resources, where we would have in attendance the Veterinary Director General, who could answer any detailed questions that members might wish to ask.

Hon. Mr. Baird: Does this bill include provision for poultry?

Hon. Mr. Lambert: No.

Hon. Mr. Baird: Just livestock?

Hon. Mr. Lambert: And hogs and sheep.

Hon. Mr. McDonald: I may mention to the honourable member from St. John's (Hon. Mr. Baird) that poultry is inspected and, where necessary, quarantined, and in some cases slaughtered. Compensation is paid.

Hon. T. A. Crerar: There is only one comment I wish to make on the bill, and I shall follow it up, if I may, with a question to the honourable senator who has explained it.

The comment has to do with the retroactive feature. This additional compensation provision is to be retroactive to May 1 last year. Retroactivity is a principle which should be very cautiously and carefully applied. In the past, at any rate until recent years, parliament was steadily against adoption of the retroactive principle, and there is much to be said in favour of that attitude. If the door is opened in a matter of this kind to the application of retroactive provisions, we shall find that it will be pressed steadily more and more open, and ultimately we may find ourselves in a good deal of trouble. In any case the point, I think, is worth considering.

The question I wish to ask my honourable friend is, whether I am correct in assuming that compensation will be paid only when the slaughter of the diseased animals is directed by officials of the department.

Hon. Mr. McDonald: That is correct. Compensation will be paid only when the animals have been slaughtered under orders of the departmental veterinary services.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. McDonald, the bill was referred to the Standing Committee on Natural Resources.

PRIVATE BILL

NORTH AMERICAN BAPTISTS OF CANADA—SECOND READING

Hon. J. Wesley Stambaugh moved the second reading of Bill G-11, an Act to incorporate North American Baptists of Canada.

He said: Honourable senators, one of the main objectives of this bill to incorporate the North American Baptists of Canada is to enable them to hold title to property within Canada and in any of the provinces. The bill follows the usual form in respect of religious organizations.

My information is that, at the present time, there is an association of Baptist churches, with charges in both Canada and the United States, known as the North American Baptists. The North American Baptists General Conference meets every third year, with each church having the right to appoint delegates to represent them at the conference. Between meetings of the General Conference, their affairs are managed by a Board of Directors, known as the General Council, which meets annually and has authority to deal with all matters concerning the church, with the exception of a change in the constitution.

The first General Conference was held in 1843 at which member churches were organized, but the first conference in Canada, for which minutes are available, was held in Wilmot, Nova Scotia, in 1865. I understand those charges in the Maritimes have been absorbed by other Baptist societies, for at the present time there are no churches, either in the maritime provinces or Quebec, affiliated with the North American Baptists.

The present headquarters is located in Forest Park, Illinois, but it is proposed under this bill to incorporate the Canadian churches of this body as a separate Canadian society, with headquarters at Ottawa. Honourable senators will note that a provisional Board of Directors is named in the bill.

Most of the churches which desire to be incorporated under this bill are located in western Canada. At the present time there are sixty-two of these churches in Canada, with total membership of more than 9,000. The breakdown by provinces is as follows:

	Churches	Members
Ontario	7	714
Manitoba	8	2,074
Saskatchewan	18	1,450
Alberta	22	3,390
British Columbia ...	7	1,454

The Society has sixty foreign missions, chiefly in West Africa and Japan. It also has 307 women's missionary unions, with 8,600 members.

I know very little of this particular branch of the Baptist Church, having attended only one of its services. But I have some knowledge of its work, as I am acquainted with members of the Calvary Baptist Church in Wetaskiwin, and the Bethany Baptist Church in Camrose, two of the charges asking to be incorporated under this bill. There are also churches in Edmonton and Calgary, as well as in eighteen other points in the province of Alberta.

There is, at the present time, a group of Baptist churches in the west, incorporated under the name "Baptist Union of Western Canada", but the group desiring incorporation under this bill is not affiliated with that body.

Honourable senators, if the bill receives second reading I will move that it be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Stambaugh, the bill was referred to the Standing Committee on Miscellaneous Private Bills.

DIVORCE PETITIONS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of reports of the Standing Committee on Divorce, Nos. 319 to 338, dealing with petitions for divorce.

Hon. Mr. Howden, for the chairman of the committee, moved that the reports be concurred in.

The motion was agreed to, on division.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Howden, for the Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill T-11, an Act for the relief of Michele Grignon Ferguson.

Bill U-11, an Act for the relief of Emile Groulx.

Bill V-11, an Act for the relief of Doreen Jeannette Yvonne Sarah Mary Dorothy Sibley Cowans.

Bill W-11, an Act for the relief of Muriel Spencer Campbell.

Bill X-11, an Act for the relief of Yetta Frumkin Binder.

Bill Y-11, an Act for the relief of Vera Mary Drummond Stafford.

Bill Z-11, an Act for the relief of Alice Beatrice Cutler Murdoch.

Bill A-12, an Act for the relief of Maartje Stelling McLachlan.

Bill B-12, an Act for the relief of Wilfred Roy Fricker.

Bill C-12, an Act for the relief of Dorothy Adelaide Jorbahn Rosburg.

Bill D-12, an Act for the relief of Joseph Bernard Bertrand.

Bill E-12, an Act for the relief of Ann McKinnon Archibald Barnes.

Bill F-12, an Act for the relief of Joseph Gerard Arthur Valmore Tremblay.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Howden: With leave, I move the third reading now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 4, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Howden, for the Chairman of the Standing Committee on Divorce, presented the following bills:

Bill G-12, an Act for the relief of Marie Jeannette Lucille Catherine Clement Cantin.

Bill H-12, an Act for the relief of Pauline Prussick Astrof.

Bill I-12, an Act for the relief of Martha Betty Schenck Clarke.

Bill J-12, an Act for the relief of Felice D'Abate.

Bill K-12, an Act for the relief of Olga Korim Falardeau.

Bill L-12, an Act for the relief of Harold Robertson Mann.

Bill M-12, an Act for the relief of Sophie Rosenberg Rosenberg.

Bill N-12, an Act for the relief of Frederica Priesel Barrett.

Bill O-12, an Act for the relief of Jean Bertha Thomson Lanthier.

Bill P-12, an Act for the relief of Roger Tremblay.

Bill Q-12, an Act for the relief of Adelaide Nina Hall Lanktree.

Bill R-12, an Act for the relief of Fernande Gilberte Andrea Leclair Daoust.

Bill S-12, an Act for the relief of Dina Barbara Boone Guinness.

Bill T-12, an Act for the relief of Clara Sperber Meilen Fink.

Bill U-12, an Act for the relief of Maria Assunta Pilozzi Raspa.

Bill V-12, an Act for the relief of Robert James Cooper.

Bill W-12, an Act for the relief of Diana Frances Nash Milmine.

Bill X-12, an Act for the relief of Ross Willis Garrow.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Howden: With leave, next sitting.

NATIONAL HOUSING BILL

DISTRIBUTION OF COMMONS COMMITTEE REPORT

On the Orders of the Day:

Hon. Mr. Reid: Before the Orders of the Day are proceeded with, I should like to direct a question to the honourable Leader of the Government (Hon. Mr. Macdonald). I understand it is anticipated that some time next week the National Housing Bill will come before the Senate from the other house. The Banking and Commerce Commitee of the other house has been studying this bill for several weeks now, and a verbatim report has been made of the commitee's proceedings. Before the bill itself comes over to us I should like to have an opportunity to read the evidence taken before that committee, and I wonder if the Leader of the Government could take steps to expedite the placing of copies of the report in our hands.

Hon. Mr. Macdonald: The evidence taken on the National Housing Bill by the Banking and Commerce Committee of the other place has been printed.

Hon. Mr. Reid: I have not seen any of it.

Hon. Mr. Macdonald: I have received a copy of the printed evidence.

Hon. Mr. Haig: So have I.

Hon. Mr. Macdonald: Evidently copies have been distributed to other members of this house. The report is available, and if the honourable senator from New Westminster (Hon. Mr. Reid) has not received a copy he can probably obtain one from another honourable member.

Hon. Mr. Haig: If he will go to my room my secretary will furnish him with a copy.

Hon. Mr. Reid: I thank honourable senators for their kindness and co-operation, but I think I should have been furnished with a copy.

Hon. Mr. Haig: Possibly the honourable senator from New Westminster (Hon. Mr. Reid) did not get his copy because the person intending to deliver it heard music emanating from his room and did not dare to knock at the door.

Hon. Mr. Reid: It is a good sign of intelligence when the sounds proceeding from my room are called music.

Hon. Mr. Macdonald: I should have thought that in those circumstances two copies would be delivered to the honourable senator instead of one.

ANIMAL CONTAGIOUS DISEASES BILL

REPORT OF COMMITTEE

Hon. John A. McDonald, Acting Chairman of the Standing Committee on Natural Resources, presented the report of the committee on Bill 250.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Natural Resources, to whom was referred the Bill (250 from the House of Commons), intituled: "An Act to amend the Animal Contagious Diseases Act", have in obedience to the order of reference of March 3, 1954, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. McDonald: With leave of the Senate, I move third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Honourable senators, before we proceed further with the Orders of the Day I should like to make a brief announcement. It is hoped that when we get through our business this afternoon all public bills now on the order paper will have been disposed of, and it is unlikely that we shall receive any further bills from the other place today. Probably the next legislation to reach us will be the housing bill, to which the honourable senator from New Westminster (Hon. Mr. Reid) has referred. From inquiries I have made, it appears that it should be given third reading in the other place by Wednesday of next week. I am sure all honourable senators are anxious to start consideration of that bill as soon as it is passed by the other house, and if it is passed there on Wednesday we would like to give it first reading in this house on Thursday. Copies of the bill would then be distributed, and we could go into full consideration of the legislation as soon thereafter as possible. Under the circumstances, I move that when the house rises this afternoon it stand adjourned until Thursday, March 11, at 3 o'clock in the afternoon.

Hon. Mr. Haig: If this bill receives first reading in the Senate on Thursday, you propose to adjourn then until the following Monday?

Hon. Mr. Macdonald: Under the rules of this house two days must elapse between first and second readings. On Thursday I would propose that we adjourn until Monday night, but in the meantime honourable senators could study the bill. In that way there would be no delay on the part of this house in considering the legislation.

The motion was agreed to.

PRIVATE BILL

CANADIAN NURSES' ASSOCIATION—THIRD READING

Hon. Mrs. Wilson, for Hon. Mr. Paterson, moved the third reading of Bill F-11, an Act respecting the Canadian Nurses' Association.

The motion was agreed to, and the bill was read the third time, and passed.

EXPORT CREDITS INSURANCE BILL

THIRD READING

Hon. Mr. MacKinnon moved the third reading of Bill 295, an Act to amend the Export Credits Insurance Act.

Hon. Mr. Haig: Honourable senators, I am going to say just two or three words on this bill. I want to congratulate the honourable senator from Edmonton (Hon. Mr. MacKinnon) upon the very fine presentation he made of this bill to this house. And having been present at the meeting of the Standing Committee on Natural Resources this morning, where I listened to explanations of various phases of the bill, I also congratulate the government upon the young man it has in charge of this organization. I must say that he was as good a witness as ever appeared before the committee. He discussed the problems concerned in this legislation and answered every question without going behind the camouflage of "This is a question of policy, and we will have to see the minister". There was never any question of policy with him. He told us what the problems were and what the organization was, and we appreciate that very much indeed.

The motion was agreed to, and the bill was read the third time, and passed.

MEMBERS OF PARLIAMENT RETIRING ALLOWANCES BILL

THIRD READING

Hon. Mr. Macdonald moved the third reading of Bill 176, an Act to amend the Members of Parliament Retiring Allowances Act.

The motion was agreed to, and the bill was read the third time, and passed.

The Hon. the Speaker *(thereupon, and pursuant to practice):* Ordered that a message be sent to the House of Commons to acquaint that House that the Senate has passed this bill without amendment.

USE OF TERM "HOUSE OF COMMONS"

Hon. Mr. Euler: May I ask His Honour the Speaker a question? Under the rules and regulations of the Senate we are not supposed to refer to the other place as "the House of Commons". I may say that I myself never observe that regulation, because I do not see any good reason for it. But I notice that His Honour the Speaker mentions "the House of Commons". I wonder whether he does so because of any special regulation.

The Hon. the Speaker: May I say to the honourable senator from Waterloo (Hon. Mr. Euler) that my practice in this respect arises from the fact that expert phraseology is placed in my hands, and up to the moment I have followed it unfailingly. But in view of the honourable member's question I shall ask my experts to look further into the matter.

Hon. Mr. Macdonald: May I also ask His Honour a question: when he refers to "the House of Commons" is he referring to "another place"?

The Hon. the Speaker: Since we have never aspired to act as another House of Commons, I presume that is so.

NATIONAL BATTLEFIELDS (QUEBEC) BILL

THIRD READING

Hon. Mr. Macdonald moved the third reading of Bill 167, an Act to amend an Act respecting the National Battlefields at Quebec.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, the Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act for the relief of Dorothy Ann Stuart Story McKenna.

An Act for the relief of Joyce Tulloch Foley.

An Act for the relief of Ruth Annie Ricketts Perrett.

An Act for the relief of Elizabeth Harriet Wyburd Ramseger.

An Act for the relief of Warma Wilhelmiina Rantasalmi Wirtanen.

An Act for the relief of Ruth May Rowley Grundy.

An Act for the relief of Rodney David Themens.

An Act for the relief of Patricia Mackell Wilson.

An Act for the relief of Joseph Aurele Denault.

An Act for the relief of Arthur Ryan.

An Act for the relief of Mary Clenman Bernard, otherwise known as May Clenman Bernard.

An Act for the relief of Lloyd Demont Noseworthy.

An Act for the relief of Douglas Charles Fortune.

An Act for the relief of Kenneth George Wright.

An Act for the relief of Sonia Rofman Bailis.

An Act for the relief of Bessie Livshitz Rudy.

An Act for the relief of Monika Emilija Kasputyte Janauskas.

An Act for the relief of Suzanne Marie-Therese Gens La France.

An Act for the relief of Noella Cooker Prince.

An Act for the relief of Rupert Evans Joyce.

An Act for the relief of Lois Helen Kutzman Caplan.

An Act for the relief of Fernand Constant Daemen.

An Act for the relief of Mary Kazymerchyk Senyck.

An Act for the relief of Rosalie Hetty Arbess Sofin.

An Act for the relief of Lucille Lafortune Wilson.

An Act for the relief of Wilfrid Cote.

An Act for the relief of Janca Fani Pollak Schlesinger.

An Act for the relief of Sadie Marie Ansingh Grosheintz.

An Act for the relief of Douglas Morrison Meldrum.

An Act for the relief of Alec Lenetsky.

An Act for the relief of Dorothy Lilian Asbury Davies.

An Act for the relief of Nicholas Krauchuke.

An Act for the relief of Esther Kohn Rosner.

An Act for the relief of Marguerite Jazzar Nassar.

An Act for the relief of Leona Bobby Denberg Wiseman, otherwise known as Leona Bobby Denberg White.

An Act for the relief of Marianne Roos Axelrad.

An Act for the relief of Margaret Jaunzen Dishler.

An Act for the relief of Pearl Witzling Socolow.

An Act for the relief of Jennie Chun Readman.

An Act for the relief of Gizella Szabo Herczeg.

An Act for the relief of Lilija Hedviga Treimane Jursevskis.

An Act for the relief of John Richard Maher.

An Act for the relief of Elizabeth McDonald Jones Roy.

An Act for the relief of Claire Viola Frechette Ainsworth.

An Act for the relief of Margaret Reta Dodge Parsons.

An Act for the relief of Estella Cluett Jensen.

An Act for the relief of Angelina Natale Beaucaire.

An Act for the relief of Dorothy Miller Osborough Davidson.

An Act for the relief of Marie Rose Gisele Houde Dionne.

An Act for the relief of Olga Pscheidt Arsenault.

An Act for the relief of Edward Robinson Harris.

An Act for the relief of Cathrine Pieternelle Wytenbroek Knight.

An Act for the relief of Anton Bliziffer.

An Act for the relief of Theodore Rolfsmeyer von Berzeviczy.

An Act for the relief of Agnes Broo Hammond Bailey.

An Act for the relief of Emma Antoinette Rachel Lauzon McDuff.
An Act for the relief of Idella Adeline Sharpe Cutler.
An Act for the relief of Walter Leonard Woodward.
An Act for the relief of Marion Shirley Barsky Burg.
An Act for the relief of Florence Elene Thom Ward.
An Act for the relief of William Jean Paul Powroz.
An Act for the relief of Lewis Swailes.
An Act for the relief of Shirley Goodlin Myrovitch.
An Act for the relief of Germaine Lafond Joyal.
An Act for the relief of Kenneth Charles Overbury.
An Act for the relief of Hazel Emily Louise Hunter Naud.
An Act for the relief of Pearl Agnes Harding Potvin.
An Act for the relief of Samuel Goldberg.
An Act for the relief of Nancy Elizabeth Borden Sise.
An Act for the relief of Audrey Madeline Crothers Walklate.
An Act for the relief of Joyce Gowrie Kimber Kendler.
An Act for the relief of Gloria Alphonsine Timmins Ferguson.
An Act for the relief of Adella Alice McNeil Slobosky.
An Act for the relief of Vera Marguerite Hennigar Isenring.
An Act for the relief of Sylvia Golbas Lann.
An Act for the relief of Lucy Jane Cole Judd.
An Act for the relief of Walter Hardy Willows.
An Act for the relief of Elizabeth Temple Jamieson Grier.
An Act for the relief of Herbert William Bateman-Cooke.
An Act for the relief of Rita Ann Rennie Knight.
An Act for the relief of Mavis Josephine Green Jackson.
An Act for the relief of Henriette Duffy Cote.
An Act for the relief of Jaroslav Jandera.
An Act for the relief of Robert Alfred Denman Stencel.
An Act for the relief of Madeleine Forcier Midock.
An Act for the relief of Annie Bray Hodgson.
An Act for the relief of Joseph Koveces.
An Act for the relief of Winifred Margery Taken Dillen.
An Act for the relief of Hilda Foster Mills Henderson.
An Act for the relief of Evelyn Beatrice Diggon Ferguson.
An Act for the relief of Hellon May Dreany English.
An Act for the relief of Ione Larson Morris.
An Act for the relief of Marie Laurette Carmen Gamache Desmarais.
An Act for the relief of Dorothy Agnes Louise Grant Walker.
An Act for the relief of Evelyn Maud Nash Wyse.
An Act for the relief of Anita Felton Corbiel.
An Act for the relief of Sonia Lippman Cohen.
An Act for the relief of Margaret Stuart Peniston Rex.
An Act for the relief of Phyllis Adair Barker Smith.
An Act for the relief of Elizabeth Louise Emmett Lightbody.
An Act for the relief of Madeleine Victoria Coussement Rolland.
An Act for the relief of Julia Frances Finn Radcliffe.
An Act for the relief of Eileen Theresa Burgess Cowan.
An Act for the relief of Christina Emmanuel Papadakis Banks.
An Act for the relief of Grace Connolly Houde.
An Act for the relief of Marion Elizabeth Davis Esson.
An Act for the relief of Morris Goldsmith.
An Act for the relief of Edith Marie Treleaven Younkie.
An Act for the relief of Irene Dorothy Haselden Munn.
An Act for the relief of Margaret Hosie Black Kirk.
An Act for the relief of Irene Bertha Kirkpatrick Faubert dit Masson.
An Act for the relief of Marie Charlotte Yvonne Gisele Giguere Larocque.
An Act for the relief of Albert Pigeon.
An Act to amend the Explosives Act.
An Act to amend the Telegraphs Act.
An Act respecting The Great Lakes Reinsurance Company.
An Act respecting Canadian Pacific Railway Company.
An Act to amend the Post Office Act.
An Act to amend the Patent Act.
An Act to implement the International Convention for the Northwest Atlantic Fisheries.
An Act respecting The Associated Canadian Travellers.
An Act respecting Brazilian Telephone Company.
An Act respecting the Canadian Forces.
An Act to amend the Salaries Act.
An Act to amend an Act respecting the National Battlefields at Quebec.
An Act to amend the Members of Parliament Retiring Allowances Act.
An Act to amend the Export Credits Insurance Act.
An Act to amend the Animal Contagious Diseases Act.

The House of Commons withdrew.

The Honourable the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Thursday, March 11, at 3 p.m.

THE SENATE

Thursday, March 11, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

JOINT COMMITTEE ON LIBRARY

MESSAGE FROM COMMONS—CHANGE IN MEMBERSHIP

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved: That a message be sent to the Senate to acquaint their honours that this house has substituted the name of Mr. Habel for that of Mr. McIlraith on the joint committee of both houses on the Library of Parliament.

CRIMINAL CODE

MESSAGE FROM COMMONS—CHANGE IN MEMBERSHIP OF JOINT COMMITTEE ON CERTAIN QUESTIONS OF CRIMINAL LAW

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved: That a message be sent to the Senate to acquaint their honours that this house has substituted the name of Miss Bennett for that of Mr. Montgomery on the special joint committee on capital and corporal punishment and lotteries.

NATIONAL HOUSING BILL

FIRST READING

A message was received from the House of Commons with Bill 102, an Act to promote the construction of new houses, the repair and modernization of existing houses and the improvement of housing and living conditions.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

DIVORCE PETITION

REPORT OF COMMITTEE

Hon. Mr. Farris (for the Chairman of the Standing Committee on Divorce) presented the committee's report No. 339, dealing with a petition for divorce, and moved that the said report be taken into consideration at the next meeting.

The motion was agreed to, on division.

DEBATES AND PROCEEDINGS

USE OF TERM "HOUSE OF COMMONS"—RULING

On the Orders of the Day:

The Hon. the Speaker: Honourable senators, at the last sitting of the Senate, on March 4, the honourable senator from Waterloo (Hon. Mr. Euler) said:

May I ask His Honour the Speaker a question? Under the rules and regulations of the Senate we are not supposed to refer to the other place as "the House of Commons". I may say that I myself never observe that regulation, because I do not see any good reason for it. But I notice that His Honour the Speaker mentions "the House of Commons". I wonder whether he does so because of any special regulation.

Section 17 of the British North America Act, 1867, is as follows:

There shall be one Parliament for Canada, consisting of the Queen, an Upper House styled the Senate, and the House of Commons.

In sending and receiving communications passing between the two houses the Speaker adheres to the *Forms of Proceeding* and recognized practice in describing the other branch of the legislature as "the House of Commons".

There is no rule or regulation of the Senate that requires the Speaker or other honourable senators to refer to the other branch of parliament by any other term than the expression "House of Commons".

What the honourable senator from Waterloo probably had reference to was the unwritten law of parliament that no allusion should be made in one house to the debates and proceedings of the other house during the current session. In this connection I would cite the following, from *Bourinot*, 4th edition, page 357:

It is also a part of the unwritten law of parliament that no allusion should be made in one house to the debates in the other chamber, a rule always enforced by the Speaker with the utmost strictness. Members sometimes attempt to evade this rule by resorting to ambiguous terms of expression—by referring, for instance, to what happened "in another place"; but all such evasions of a wholesome practice should be stopped by the Speaker, when it is evident to whom the allusions are made. It is perfectly regular, however, to refer to the official printed records of the other branch of the legislature, even though the document may not have been formally asked for and communicated to the house".

It is very clear then that no attempt on the part of honourable senators to allude to the debates and proceedings of the other branch of parliament, during the current session, can properly succeed, whether the expression "House of Commons" or such apparent evasions as "another place" are used in the process. On the other hand, when it is in order to refer to the other branch of parliament, far from the term "House of Commons" being out of order, it is indeed the proper description to use.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Before the Orders of the Day are proceeded with, may I direct the attention of honourable senators to the fact that there are no public bills on the order paper. With the exception of the National Housing Bill, which has been given first reading here today, no bills have come to us from the House of Commons. In accordance with the rule of this chamber that two days must elapse between the first and second readings of a measure, I suggest that, with the unanimous consent of the house, we take up the National Housing Bill as the first order of business on Monday evening next. As we all know this is an important and lengthy piece of legislation. Copies of the bill are being distributed this afternoon, so honourable senators will have an opportunity of perusing it and preparing for its consideration on Monday.

In the circumstances I move that when the house rises this afternoon it stand adjourned until Monday night next at eight o'clock.

Hon. Mr. Isnor: May I inquire of the honourable Leader of the Government whether he proposes, after this bill receives the second reading, to refer it to a standing committee or to have it considered in committee of the whole?

Hon. Mr. Macdonald: My feeling is that the bill should be referred to the Standing Committee on Banking and Commerce. Honourable senators may wish to question some officials from the Bank of Canada and the Central Mortgage and Housing Corporation. It is my intention, therefore, when the bill receives the second reading in this house to move that it be referred to that committee.

Hon. Mr. Quinn: That will be satisfactory. The honourable Leader of the Opposition (Hon. Mr. Haig) asked me to request that the second reading of the bill be not considered until Monday next, when he will be present in the chamber. I understood his thought to be that the bill should be referred to the Banking and Commerce Committee.

Hon. Mr. Macdonald: I think we can agree on that course, if it is the wish of the house.

Hon. Mr. Quinn: Yes; it is for the house to decide the procedure to be followed.

The motion was agreed to.

EASTER ADJOURNMENT

Hon. J. W. de B. Farris: Honourable senators, I noticed in the press yesterday the report of an announcement that was made in the House of Commons as to the period of the Easter adjournment. I am wondering if the honourable Leader of the Government (Hon. Mr. Macdonald) has any information on the same subject for this house.

Hon. Mr. Macdonald: Honourable senators, it is somewhat difficult at this time to say definitely just how long our Easter adjournment will be. I noticed in the press a report of the statement made by the Acting Prime Minister in the House of Commons, and as I recall he suggested that house should rise on Wednesday, April 14, and stand adjourned until Monday, April 26. The length of adjournment in the Senate will depend to a considerable extent on the legislation which comes to us from the House of Commons. I will follow the proceedings in that house, and let honourable senators know as soon as possible what I will suggest for the Easter adjournment.

Hon. T. A. Crerar: Honourable senators, may I be permitted to make a remark? A good deal will depend, it appears to me, on what date the budget is to be brought down in the other place.

Hon. Mr. Quinn: In the House of Commons.

Hon. Mr. Crerar: If the budget is to be brought down shortly before the Easter adjournment begins, on April 14, we may assume from past experience that there will be at least a two week's debate after the members of the other place return, on April 26. I would suggest that the leader (Hon. Mr. Macdonald) give consideration to that fact when he is reaching his decision as to the length of adjournment for this House.

Hon. Mr. Macdonald: I assure the honourable senator from Churchill (Hon. Mr. Crerar) that I shall do so. In view of his long experience in this house and in the House of Commons, I probably might consult with him, as he no doubt could assist me in coming to a conclusion.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Farris (for the Chairman of the Standing Committee on Divorce) moved the second reading of the following bills:

Bill G-12, an Act for the relief of Marie Jeannette Lucille Catherine Clement Cantin.

Bill H-12, an Act for the relief of Pauline Prussick Astrof.

Bill I-12, an Act for the relief of Martha Betty Schenck Clarke.

Bill J-12, an Act for the relief of Felice D'Abate.

Bill K-12, an Act for the relief of Olga Korim Falardeau.

Bill L-12, an Act for the relief of Harold Robertson Mann.

Bill M-12, an Act for the relief of Sophie Rosenberg Rosenberg.

Bill N-12, an Act for the relief of Frederica Priesel Barrett.

Bill O-12, an Act for the relief of Jean Bertha Thomson Lanthier.

Bill P-12, an Act for the relief of Roger Tremblay.

Bill Q-12, an Act for the relief of Adelaide Nina Hall Lanktree.

Bill R-12, an Act for the relief of Fernande Gilberte Andrea Leclair Daoust.

Bill S-12, an Act for the relief of Dina Barbara Boone Guinness.

Bill T-12, an Act for the relief of Clara Sperber Meilen Fink.

Bill U-12, an Act for the relief of Maria Assunta Pilozzi Raspa.

Bill V-12, an Act for the relief of Robert James Cooper.

Bill W-12, an Act for the relief of Diana Frances Nash Milmine.

Bill X-12, an Act for the relief of Ross Willis Garrow.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Farris: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until Monday, March 15, at 8 p.m.

THE SENATE

Monday, March 15, 1954

The Senate met at 8 p.m., the Acting Speaker (Hon. J. H. King, P.C.) in the Chair.

Prayers.

Routine Proceedings.

HIGHWAY TRAFFIC ACCIDENTS

INQUIRY AND ANSWER

Hon. Mr. Isnor inquired of the government:—

1. Have representations been made with a view of setting up a committee to study and report on methods to combat the increasing number of automobile accidents on our highways?

Hon. Mr. Macdonald: The answer to the honourable gentleman's inquiry is as follows:

Yes—such representations having been made to me by officials of the Canadian Automobile Association.

USE OF ELEVATOR

On the Orders of the Day:

Hon. R. B. Horner: Honourable senators, I wish to refer to a matter about which I am somewhat concerned. I understand that the Internal Economy Committee had some discussion, at a meeting at which I was not present, and placed a bar against the use of a certain elevator by members of our char and messenger services. My room is off a corridor just back of this elevator. For years I have come into the buildings before eight o'clock in the morning, because I like to meet the people who serve us. Indeed, I like to get close to the people—to everyone who, in the words of the Good Book, is "working with his hands the thing which is good." The women who clean my office always have the door open for me, and a few brooms or mops do not annoy me.

I do not have a man Friday to run my personal errands, and any time it is necessary for me to call a messenger I will instruct him to use the elevator nearest to my office. The order prohibiting members of these staffs from using that elevator seems to me to be most ridiculous.

NATIONAL HOUSING BILL

MOTION FOR SECOND READING—
DEBATE ADJOURNED

Hon. W. Ross Macdonald moved the second reading of Bill 102, an Act to promote the construction of new houses, the repair and modernization of existing houses, and the improvement of housing and living conditions.

He said: Honourable senators, the legislation before us makes substantial changes in the National Housing Act. The major amendments are:

(a) It replaces the present joint loan technique by a system of mortgage insurance.

(b) It increases the liquidity and transferability of residential mortgages made under the terms of the National Housing Act.

(c) It provides for continued participation of the present approved lenders, such as life insurance, loan and trust companies, as well as other lenders.

(d) It enables the chartered banks and the Quebec savings banks to enter the new residential mortgage lending field.

(e) It provides for the ownership of insured mortgages by individuals and other lenders, subject to the servicing of the mortgages by an approved lender.

A lot has been said about this bill. The Banking and Commerce Committee of the House of Commons held a long series of meetings and heard many witnesses. We also will have an opportunity in our Banking and Commerce committee to examine the details of the various clauses of the bill, as well as being able to seek explanation from witnesses.

I feel that at this time we should limit our considerations to the broad principles of the bill and its more important implications.

Since 1935 the federal government has participated in the financing of residential construction. The first legislation of this kind was the Dominion Housing Act. As time has gone by various housing acts have been changed and amended to meet our ever-changing circumstances. It is probably a fair comment that these changes have tended towards a more comprehensive participation by the federal government in the housing field. Indeed, this legislation is another step in that direction.

The field of property and civil rights is one which falls within the jurisdiction of the provinces. In that field is included residential real estate. Therefore, federal legislation on the subject is pretty well limited to assisting in the flow of financing for such housing, as well as joining with the provinces and the municipalities in financial steps which will be of assistance to them in the housing field.

One of the main objects of this bill is to enable the federal government, through its agency Central Mortgage and Housing Corporation, to remain an important factor in the development of new homes throughout the country. In so doing the federal government, in this legislation, is making every effort to secure the maximum participation by

private financing of houses for Canadians. The basic principle of the major changes is to introduce an insurance system which will encourage private lenders to make insured mortgages. It is true that the bill provides that if loans for homes are not available, then Central Mortgage may make loans on the same terms and conditions as they would have been made by private lenders. During the last eight years the need for such residual lending power has been very evident. There were certain areas in which the present group of private lenders were unwilling to operate, even under the terms of the National Housing Act. It is the government's view that loans under the National Housing Act should be available for every credit-worthy home owner in every part of the country. We would greatly prefer that these loans would be made by private lenders, but if such is not possible, then the government has no hesitation in entering the field, but only after every avenue has been exhausted in trying to get such financing from private sources.

The insured-loan technique introduced by this legislation is not an experiment, nor is it an untried system. In many respects it follows the procedure in the United States under the Federal Housing Act, but there are important modifications to meet Canadian needs. The principle of the payment of an insurance premium by a borrower is the same, but, under our legislation, takes the form of a single premium capitalized into the mortgage, whereas in the United States there is a rather cumbersome procedure whereby the insurance premium takes the form of one-half of one per cent of the annual reducing balances. The equivalent premium being charged in Canada is considerably lower than in the United States. The loss settlement payable to approved lenders is on a more favourable basis than in the United States. Under our proposals there is provision for the ownership of insured mortgages by individuals who are not approved lenders. These and other modifications are designed to meet our circumstances.

Perhaps as important as any change in the legislation is the widening of the group of approved lenders to include the chartered banks and the Quebec savings banks. Honourable senators will appreciate that by far the largest pool of savings of the Canadian people is in the savings accounts of these banks. Up to the present, under the provisions of the Bank Act, there has been a prohibition against the use of these savings to finance residential construction. Under the terms of this legislation such prohibition is being removed.

The provision to make it possible for individuals other than approved lenders to own insured mortgage loans is an important one. It is hoped that by such provision it will be possible to interest not only private individuals but estates, pension funds, and other groups anxious to invest money on a long-term basis to buy insured mortgage loans. Should any success attend our efforts in this respect, then we will find still another pool of savings to assist in the financing of our residential construction program.

It will be noticed that the bill contains important provisions to ensure marketability and liquidity of insured mortgage loans. Honourable senators who, like myself, have had something to do with the investment of funds of individuals and estates, appreciate that one of the great difficulties of mortgages as an investment has been elements of non-liquidity.

This marketability and liquidity are most important provisions for the benefit of the new group of lenders—the chartered banks and the Quebec savings banks. It seems to me that, having taken the decision to allow savings deposited with these institutions to be used for financing residential construction, then it is most important not only that the greatest of security be provided for the banks, but also that marketability and liquidity be beyond question. A combination of the facilities provided in the amendments now being considered to the Bank of Canada Act, together with clause 11 of this bill, whereby Central Mortgage is empowered to purchase and lend against insured mortgages, does this very thing. I am sure honourable senators will agree that real doubts might have existed about legislation which did not contain these important provisions.

Under the new legislation loan ratios have been increased, resulting in a lower level of down payments required from the average home owner. By this step the government is attempting to widen the band of prospective home owners and to make it easier for the average Canadian to own his own home.

Likewise, the period of amortization is being increased. Under the National Housing Act in its present form the period of amortization has been generally twenty years. Under the new legislation the usual period will be twenty-five years, with provision that the amortization may be as high as thirty years. This will have the result of reducing the monthly payments due on the mortgage. By this means also the band of potential home owners will be considerably widened.

During the last few weeks there has been a lot of discussion and even more misunderstanding of a so-called rule of the National Housing Act that is said to require the new home owner's income to be such that the

monthly payments on account of principal and interest and taxes do not exceed 23 per cent of such income.

Under every sound mortgage lending system it is necessary to ensure that home owners are in a financial position to acquire a new home. When I was a small boy there used to be a rough working rule that a man could only afford to pay in monthly rent, or equivalent, about one week's pay. This still is probably a fairly sound rule of thumb measurement. But everyone who has been in the mortgage business knows that there are exceptions to any such rule. Under the arrangements between Central Mortgage and the lending institutions there is no requirement that where the debt service—being payments for principal, interest and taxes—is in excess of 23 per cent, the loan cannot be made. Rather, Central Mortgage says to the approved lenders, "If the debt service is less than 23 per cent, then we are quite happy to have you use your judgement upon the credit-worthiness of the borrower without reference to Central Mortgage. If, however, the debt service is above 23 per cent, then we would like to examine the credit risk with you."

Hon. Mr. Isnor: Whom do you mean by "you".

Hon. Mr. Macdonald: The lender. Well, it might be the bank. Central Mortgage knows perfectly well that there are credit-worthy borrowers where the debt service is as high as 25 per cent to 27 per cent. In fact, in its operations in 1953 some 12 per cent of the loans approved under the National Housing Act involved a debt service in excess of 23 per cent. Those who have been doing so much talking about this limitation, which is not a limitation at all, seem to feel that reasonable assurance that the borrower can meet his monthly payments is an unreasonable requirement. I have no sympathy for this point of view, because I feel that it would be most unsound and, indeed, a doubtful favour to borrowers if the administration of the National Housing Act placed no check upon loans being made to home owners who cannot afford to own houses.

Honourable senators will notice that, as in the present National Housing Act, Bill 102 contemplates insured mortgage loans on new residential construction only. The important task before us is to increase the supply of housing. I know that a case can be made for the government to assist in the financing of existing houses which are bought by home owners unable to afford new houses. However, the problem at the moment is to find sufficient financing to look after our new-housing program. While this remains one of our most important problems, I think it would be most unwise to divert funds, required for new housing into the existing residential field. A day may come when such a step is desirable. I do not consider it to be a prudent course at this time.

The bill re-enacts, with minor changes, all the provisions of the National Housing Act other than the joint-loan provisions, which are being replaced by insured-mortgage loans. The provision for high ratio loans for a long period of years, at low interest rates to limited dividend companies is being re-enacted. This section of the act is being used by local groups to provide low rental housing, not only for families but for elderly people. Last year some 1,500 low-rental units were constructed under this section, and present prospects are that the section will enjoy increased use in 1954. Likewise, the provision for federal-provincial partnership in the fields of land assembly and subsidized housing is being re-enacted. Nine of the ten provinces have legislation on their statute books complementary to this provision, and I believe that such a co-operative arrangement is a permanent part of the manner in which housing will be developed in Canada over the years to come. The slum clearance provisions—under a new name not including the word "slum"—are being continued. The section providing for research in the housing field is being re-enacted.

Now let me return to a consideration of the major provisions of this bill by answering three questions:

1. Is this legislation good for Canadians who wish to own a home?

2. Is it good for the economy as a whole?

3. Is it good for our financial institutions?

Dealing now with its effect upon prospective borrowers, I think there can be little argument that high-ratio loans are required for the development of new home ownership in Canada. I think all would agree that long terms of amortization should accompany such high-ratio loans. There can be little argument but that conventional loans on a 50 per cent to 60 per cent basis are inadequate for the average prospective home owner. However, these 50 per cent to 60 per cent conventional mortgage loans are as far as the average lender is prepared to go under a conventional mortgage. In fact, many of our institutions are limited by law to 60 per cent conventional loans. The whole purpose of the housing act, both the present one and the legislation now before us, is for the federal government to bridge the difference between conventional loans, satisfactory to private lenders, and higher loans to meet the requirements of prospective home owners.

This support by the federal government is being provided through insurance, with premiums to be paid by the borrower. It may well be that the gap to which I have referred may be bridged without cost to the taxpayer. I realize that in recent years we have experienced a very buoyant real estate market. I do not suggest that we will never see the reverse, but I do think that no one need anticipate tremendous losses paid by the federal treasury for loans under the National Housing Act.

Perhaps as important as the higher-ratio loans and longer amortization is the continuous flow of money for builders and home owners so that our housing program may continue without peaks and valleys. This is one of the main purposes of the legislation, and I am sure that honourable senators would agree that any housing legislation should have as one of its major objectives a flow of mortgage money available at all times. Certainly such an arrangement is a great advantage to borrowers. Therefore, I believe that this proposed legislation stands all the tests that might be applied against it for suitability to prospective Canadian home owners.

I now come to the second question: Is it good for the economy as a whole? I need not labour the point that in an ever-expanding and dynamic economy houses are required just about as much as new industry and other forms of development. It seems to me that anything which will maintain a high rate of residential construction must be good for the country as a whole. A combination of family formation and immigration results in a very real requirement for a continuous increment to our housing stock. We must be careful to ensure that this supply of new housing units is not impeded by the lack of financing. To one it seems significant that the new legislation has support from national organizations of house builders, construction firms and suppliers of material. They realize that their activities can only proceed on an even keel if mortgage financing is continuously available. They know that a vigorous National Housing Act ensures a continuous and reasonable level of residential construction activity. I will not labour this point, because I am sure that nobody in this house needs convincing that we must have a high volume of new housing in Canada for many years to come. Therefore, I think it can be said that this legislation is good for the economy as a whole.

I now come to the third question: Is it good for our financial institutions? After all, our financial institutions act as a depository for the savings of the people, and it is their duty to invest these savings wisely to provide safety for their depositors and a reasonable return to them. We all would oppose any legislation which was injurious to our financial institutions. We take justifiable pride in both their stability and the manner in which they have made important contributions to the development of our country.

First, let me say that there is nothing which forces our lending institutions to make insured loans if such do not suit their ideas of a suitable investment. We believe that insured loans will be a suitable investment for our life insurance, loan and trust companies, as well as for the banks. In fact, the whole legislation has been designed to this end.

The position of the life companies is that over recent years they have lent full support to operations under the National Housing Act. In fact, our very high level of residential construction is a tribute to the manner in which they have supported the National Housing Act. In the Prime Minister's statement announcing this legislation, and in the evidence given before the Banking and Commerce Committee of the House of Commons, reference was made to the inability of the life companies to do more in the new residential field than they are at present doing. Indeed, some doubts are held that the life companies can go on indefinitely at their present rate of investment in the new housing field. In his evidence before the Banking and Commerce Committee Mr. Mansur, the President of the Central Mortgage and Housing Corporation, expressed his doubts on this score. When the President of the Dominion Mortgage and Investments Association, who is a life insurance executive, appeared before the Banking and Commerce Committee, he confirmed the doubts expressed by Mr. Mansur. From this evidence it seems quite clear that if even the present level of activity under the National Housing Act is to be continued we must find additional lenders. From the life companies' point of view a widening of the group of lenders is a good thing, because a burden was being placed upon them which appeared to be getting beyond their capacity to carry.

In the case of the loan and trust companies, I believe that the new insured mortgage will be a favourable development. By the very nature of their business, liquidity, marketability and transferability will be important to them. We hope that the new insured mortgage instrument will appeal to them and will attract funds from that source.

I now move to the question as to whether opening this field is favourable to the chartered banks and the Quebec savings banks.

The government has given such an important step full consideration. It is conscious of the fact that as a result of difficulties in the United States there is a deep rooted prejudice in many people's minds against the banks being in the real estate field. However, if one examines the situation in the United States in the early thirties it will be found that the mortgages in which the banks invested were of a kind very different from what is being proposed in this legislation, and indeed very different from the types of mortgages now being held by the banks in the United States. Experience has shown that the heavy losses during early thirties by the banks in the United States were occasioned by their investment in large commercial loans. Even under the mortgage instrument of those times the banks did not suffer heavy loss in the residential field. But I would point out that even in respect to the difficulties which the United States banks had in residential mortgages the circumstances were entirely different from those we are considering today. The amortized mortgage, with principal, interest and taxes being paid monthly, is a very different type of security from the conventional loan, with the borrower paying his own taxes and principal repayments being made once or twice a year. In addition, the type of mortgages we are suggesting for the banks carries a government guarantee. In many respects these mortgages have the characteristics of a government bond. It is true that the approved lenders bear a small part of any loss, but it is limited to 2 per cent discount on principal outstanding and a lower rate of interest after six months' arrears. It is a reasonable assumption that on the average the loss guarantee payable by Central Mortgage to an approved lender for a defaulted loan will be about 97 per cent of the mortgage account at the date of the transfer of the property to Central Mortgage.

In addition, and as an added protection to the banks as well as to other lenders, there are important liquidity provisions. The banks can use insured mortgages for rediscount with the Bank of Canada. In addition there is provision in clause 11 of this bill for insured mortgages to be purchased by Central Mortgage. Quite definitely, traditional mortgage deficiencies of non-liquidity and lack of security have been removed. If there are any doubts on this score I would commend those having doubts to read the evidence given before the Banking and Commerce Committee of the House of Commons by the Governor of the Bank of Canada and the President of the Canadian Bankers' Association.

During recent weeks we have heard objections to the new arrangement on the ground that assets of the chartered banks are now fully employed and that mortgage loans by the chartered banks would reduce moneys available for the development of the country. Dealing with this subject before the Banking and Commerce Committee, the Governor of the Bank of Canada stated that he thought the over-all credit structure would be large enough to allow these mortgage loans to be made without leaving the banks short of funds to fulfil the requirements of their other customers. In fact, he stated that he could not see any prospect of existing customers of the banks finding life more difficult by reason of the banks lending on mortgages. It was also stated by the Governor that he could see no particular difficulty in the chartered banks making loans up to, say, $100 million a year. He went on to point out that on the safety side the government insurance was an important item. He felt that in the matter of liquidity mortgage loans would represent a relatively small proportion of the total savings deposits and did not think that this proportion would ever be high enough to make liquidity a serious consideration. He was asked the direct question as to whether, in his opinion, the prohibition on mortgage lending by the banks should be lifted. He replied that he felt it should be lifted and had felt that way for many years.

If honourable senators will examine the evidence given by Mr. Atkinson, the President of the Canadian Bankers' Association, they will fail to find any apprehension expressed by the banks on account of the change. Their main concern seems to be about the requirement that in the event of default the banks must take steps to take title to the property. I shall not quote the evidence given by the banks before the committee to support my case, because Mr. Atkinson made it perfectly clear that his answers must all be qualified by the fact that the banks had had no experience in this field.

However, I think we should bear in mind, when considering this legislation, that the mortgage instrument, as well as the arrangements surrounding it, have been designed to meet the needs of the chartered banks as well as the other lending institutions. The bill gives the banks security, liquidity, marketability, and a good outlet for the investment of their funds. All of these provisions make it quite impossible for unfavourable developments in the real estate field to have any injurious effect upon our banking system. Were such possible, the government would never have proposed the change which we are now considering.

Now I come to the question of whether the proposed arrangements will be effective. During the last few weeks there have been reports that it would take a very long time to institute the new arrangements and that even when they are instituted there will be no enthusiasm from the present group of approved lenders and the chartered banks. Current developments lead me to believe that such a forecast is quite incorrect.

Central Mortgage has already increased its branch office system to meet the new requirements and to provide a day-to-day service for every branch of every chartered bank in Canada. An inspection staff to ensure compliance with plans, specifications and minimum standards is ready to operate the day after Royal Assent to this legislation. The forms are ready, an operating manual has been prepared, and leaflets explaining the provisions of the new legislation will be available immediately after Royal Assent.

It has been said that the chartered banks are not particularly interested. During recent weeks continuous consultations have been taking place between the officials of Central Mortgage and officers of the chartered banks who will be responsible for their activity in this field. In some instances the banks have already issued instructions to their branch managers. It seems hard to believe that so much activity could be under way at the present time if indeed the banks were not anxious to participate, and participate immediately. The President of the Canadian Bankers' Association made it very clear at the Banking and Commerce Committee of the House of Commons that the banks would give the legislation a fair trial.

Discussions have also been taking place between Central Mortgage and other lenders, such as the life insurance companies. From these discussions there is no reason to believe that the new arrangement will not provide a satisfactory outlet for investment of their funds. I am sure honourable senators will appreciate that I cannot give absolute assurance on this score, other than to assure them that there is nothing happening at the moment that would lead to the belief that the legislation will not work. In fact, current developments are very contrary to rumours abroad that the legislation will not be operative until June, and then only on a limited basis.

Finally, honourable senators, it seems to me that the criterion by which the proposed legislation should be measured is the degree to which government participation in the housing field will be conducive to the needs of our country. We are a rapidly growing country, in which resources of all kinds are being developed at a vigorous rate. The development of new, giant industrial enterprises is quite a spectacular phase of this growth. Equally important, however, but less spectacular, is the development of housing so necessary for the people who make our industrial growth possible. The major purpose of the legislation is to ensure that this country will have comprehensive housing legislation to keep pace with its economic development.

It is not suggested that an insured mortgage loan will be available for every Canadian who wants a new house. However, we do feel that the proposed legislation will ensure financing for every Canadian who wants a new house and is able to make the down payment and meet the monthly payments on the mortgage under the National Housing Act. Not only must funds be available to meet all reasonable needs of all creditworthy Canadians, but the funds must be available on terms and conditions that meet the requirements of those Canadians. To maintain a housing program of the present magnitude we need mortgage financing of an 80 per cent to 90 per cent level, so that the down payments will be within the capacity of the average prospective home owner. Such low down payments cannot be arranged in the conventional mortgage field without government assistance. That is the purpose of the legislation we are considering—namely, an ample supply of mortgage funds on terms which will allow a house building program to fit the needs of an ever-expanding country and to make good some of the backlog of need accumulated over the war years, when our efforts were directed to other ends.

Hon. Mr. Haig: Honourable senators, may I ask a question? Could the honourable leader (Hon. Mr. Macdonald) give us an illustration of what he thinks the average house would cost, what the terms of the financing would be, and how much money a man or woman would have to earn in a year in order to be eligible to buy it?

Hon. Mr. Macdonald: Honourable senators, to answer that question would require much detailed information, such as will be available when the bill is under study in our Banking and Commerce committee. Personally, I do not know how much the average house would cost. The amount of the loan would be between 80 per cent and 90 per cent of the lending value. As I have already said, the monthly payments would be somewhere in the neighbourhood of 23 per cent of the purchaser's income. If it is twenty-three or less than twenty-three per cent the lending institution can make the loan without

reference to the Central Mortgage and Housing Corporation; if it is over 23 per cent, the loan can be made only after it has been considered by the corporation.

I must admit that I do not know the cost of houses, and I do not think I am the person to answer my honourable friend's question.

Hon. Mr. Haig: Who puts the valuation on the house, and who makes the estimate of what the taxes will be?

Hon. Mr. Macdonald: My understanding of the bill is that the Central Mortgage and Housing Corporation will fix the lending value. I assume that the estimate of taxes will be made by the municipality.

Hon. Mr. Haig: Another question: what will happen in a province where, as in Saskatchewan, proceedings against a home owner cannot be taken without the order of a judge? If certain conditions arise, similar laws may be passed in other provinces. In Saskatchewan, if a home owner defaults the provincial law prohibits action against him for one year. Is there any provision in the bill which would enable the lender, under such circumstances, to get his money back? As I understand the law of Saskatchewan, unless he can give title to the government he cannot demand from the government the payment of the loan. The law of Saskatchewan may be duplicated elsewhere—for instance, in Manitoba—should a recession occur.

Hon. Mr. Macdonald: That is another question which I suggest my honourable friend should ask the president of the Central Mortgage and Housing Corporation. My information is not sufficiently detailed to enable me to give an answer. The question may have arisen during the hearings before the Banking and Commerce Committee of the House of Commons, but if it was asked I have not found in the record any reference to it.

Hon. Mr. Haig: I do not think it was asked.

Hon. Mr. Macdonald: Nor do I. The point is a very interesting one, and I hope the honourable Leader of the Opposition (Hon. Mr. Haig) will raise it in committee.

Hon. Mr. Haig: I will ask another question: Is the $250 included in the mortgage over and above the amount of the loan, and how is it paid?

Hon. Mr. Macdonald: That is, the insurance premium?

Hon. Mr. Haig: Yes.

Hon. Mr. Macdonald: The insurance premium is added to the amount of the mortgage, and is paid by inclusion in the monthly payments over the period of time that the mortgage is in effect.

Hon. R. B. Horner: Honourable senators, as might have been expected, the honourable Leader of the Government (Hon. Mr. Macdonald) has gone to some pains to emphasize the benefits which this bill will provide to the lenders. I am concerned about the people who are going to borrow money under this scheme. I never like to advise anyone to enter into these commitments; in fact, I regret to see anybody bind himself to a contract running over twenty-five or thirty years.

Another reflection which occurs to me is this. At the present time, in my opinion, rentals from one end of the country to the other are excessively high. This condition has given an opportunity to the Central Mortgage and Housing Corporation; and if the scheme which is now proposed should be successful, as the honourable Leader of the Government (Hon. Mr. Macdonald) thinks it will be, there may be a general exodus from many of the high rental blocks, rows upon rows of which have been and are being erected in various parts of the country, and a good many people will take losses.

Another phase of this matter which concerns me is, just how long we can afford to build up our cities and deplete the farm population of this country. In the past few years the percentage of the people on the farms to the whole population has fallen from about 60 per cent to a little over 30 per cent. Yet the greatest hope for Canada's future is in her being a food-producing nation. Too many of our farms are uneconomically large: it would be much better if there were a larger number of farms and more people living on them. Only thus can we hope to support the bigger cities and maintain employment in the urban industries.

Too many farm houses are not modern. In this connection I might mention that recently I have been trying, in the three towns nearest to where I live, to get plumbers to instal the best equipment possible in two of my farm homes. I agreed to buy the best appliances I could get, but the firms I approached have other work on hand and cannot do anything for me. Not so many years ago houses were being moved out from these towns to the farms; now the movement is the other way.

Reference has already been made to the cost of the national housing scheme. When the bill goes to committee I shall want to know exactly what the lender will stand to get by way of interest, including the costs

of insurance and taxes. I surmise it will be over 6 per cent, because if he pays taxes in advance, as he probably will do, he will receive a discount. As far as I know, all municipalities allow some discount for prompt payment, and in some cases the discount is large. The lender is sure to take advantage of that provision. The man who is able to buy his house and pay his taxes in advance will be in a distinctly preferred position.

I have here an article which I think is worth putting on the record. It appeared in the Sault Ste. Marie *Star* and was reproduced in the Ottawa *Journal*:

THE GIRL WHO MARRIES A FARMER!

In these days of "Cadillac culture" it is rare to find young and attractive girls who have any real value for the old-fashioned type of home.

Brought up on washing machines and kitchen gadgets which take the work out of many of the household chores, most of our young spinsters appear to scorn the simple things which make a home. They show more appreciation for any kind of meal, dished up by a tired short-order cook, than the most tasty dishes which result from loving care exerted in the home kitchen.

In view of this, the fact that girls are once again looking for farmers to marry makes very nearly headline news.

Maybe a farm is not as exciting as hanging around the cafes, eating banana splits, and drinking milk shakes. Maybe these girls will miss the bi-weekly theatre and the dances to a radio; but what they get in return will be of greater lasting good. In the first place, they will get a man well worthy of the name; in the second place, they will eat well and be able to bring up their children in healthy pleasant surroundings. Thirdly, the home they build will be all their own, reflecting their own character and the growth of their personal belongings; as opposed to the usual furnished apartment which apes the hotel room or movie boudoir.

I am sure honourable senators have an idea of what I think about all this city building. I hope I am wrong, but I am afraid I will live to see the day when legislation of this kind will be extended to promote the construction of farm dwellings.

On motion of Hon. Mr. Haig, the debate was adjourned.

DIVORCE PETITION

REPORT OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of report No. 339 of the Standing Committee on Divorce, dealing with a petition for divorce.

Hon. Mr. Golding, for the chairman of the committee, moved that the report be concurred in.

The motion was agreed to, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, March 16, 1954

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King P.C.) in the Chair.

Prayers.

Routine proceedings.

THE PRIME MINISTER'S TOUR

ARRIVAL AT ROCKCLIFFE AIRPORT

Hon. Mr. Beaubien: Honourable senators, before the Orders of the Day are proceeded with, may I advise the house that the Right Honourable the Prime Minister, returning from his tour of occidental and oriental nations, is due to arrive at Rockcliffe Airport at 9.30 tomorrow evening. Will members of the Senate who have motor cars available to drive to the airport please get in touch with those of us who do not have cars, so that as many as possible may be on hand to welcome him home?

NATIONAL HOUSING BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Macdonald for the second reading of Bill 102, an Act to promote the construction of new houses, the repair and modernization of existing houses, and the improvement of housing and living conditions.

Hon. John T. Haig: Honourable senators, I am in difficulty today. I like to make a speech without any notes at all, but if on occasion I do prepare notes my supporters, who are few in number, unanimously agree that I am the poorest reader that ever stood up in this chamber. But I have written out notes on this bill because I wanted the press to have them. Representatives of the press cannot say I have spoken too fast or that they did not hear me, for I handed a copy of my notes to them four hours ago. Secondly, I wanted to be able to hand a copy of my notes to *Hansard* for purposes of reference, in case I read too fast or do not make myself clear.

A bill dealing with housing is an important piece of legislation. It is bound to be, in any country, at any time. In my humble opinion, nothing created by human endeavour contributes more to the life of the nation than does the house or home where the father and the mother and the family live together. I cannot imagine any blight on human progress greater than that caused by the shortage, the lack, or the destruction of homes. So we are now addressing ourselves to what is probably the most important subject that any legislature can deal with. True, it is our duty to provide for defence against aggression; to pass laws dealing with penalties for offences; to legislate in the interest of new enterprises, and the like. But foremost in the minds of us all is the hope that when young men and young women are ready to take our places in the activities of life they will be able to afford, not merely to buy a home, but to be in a district where a home can be bought. That, I think, is fundamental.

To come to the consideration of this bill: I do not think that the things which it is proposed to do meet the issue at all. I may be wrong, but I believe that the limit of demand in Canada for houses which people can afford to buy, with a reasonable deposit on the purchase price, and to furnish with equipment, has been reached, and that the ordinary activities of the country will take care of replacements of houses of this kind. We therefore have to deal under this bill, whether the government admits it or not, with a class of people that cannot afford to buy homes. That may be a very strong statement, but I am persuaded that no one who cannot afford to make a cash payment of more than $2,000 is able to buy a house of which the minimum price is $12,000, and to meet also the cost of furniture and equipment. There may be districts which require more houses, and there, probably, more will be built and more will be sold, but I do not believe that under present conditions people with an income of between $3,200 and $4,000 can afford to buy a $12,000 house. Under our economy it is not possible, no matter what anybody says to the contrary. Whether or not one believes in the principle of the original housing legislation—and I do not say I do or I do not—that law, from the standpoint of economics, went as far as this or any country can afford to go.

There appears to be only one object to this bill. The government wants to get right out of the house-building business. At the present time a down-payment of approximately $2,000 is required on a home costing $10,000. The balance of $8,000 is mortgaged, with part of the money being supplied by the federal government through its agency Central Mortgage and Housing Corporation. Under this legislation the government will no longer lend money for house building purposes, and life insurance companies will not lend for this purpose either, otherwise this bill would not be before us now.

Hon. Mr. Euler: Life insurance companies have done a large volume of lending for building purposes.

Hon. Mr. Haig: I agree with the honourable senator from Waterloo (Hon. Mr. Euler), and I shall have something to say about that later. The point is that the government is now asking the banks to lend money for this purpose.

Let me state another fundamental principle. Since 1867 every government in this country, whether Liberal, Conservative or Union, has refused, whenever the Bank Act has been revised, to authorize banks to lend money on real estate of any kind.

Yesterday the Leader of the Government (Hon. Mr. Macdonald) said that United States banks got into trouble because they made big loans. Their trouble did not arise from that circumstance at all, but because they lent money for real estate purposes every day of the week.

Hon. Mr. Macdonald: Not residential.

Hon. Mr. Haig: Residential and every other kind.

Hon. Mr. Macdonald: That is not the way the American banks got into trouble.

Hon. Mr. Haig: They lent money on the basis of $125 an acre in Iowa, at double the land value in Chicago, on city blocks in Minneapolis. It was the same thing all over the United States. I know something about lending money on houses and other real estate, having spent a large part of my life in a law office which dealt largely with real estate. I do not know so much about real estate in British Columbia, Ontario, Quebec or the Maritime provinces, but I take second place to no man in Canada in the matter of understanding real estate in the Prairie provinces. My knowledge of real estate extends to transactions involving private dwellings, office buildings and farm construction for grain or cattle. I have been tied in with all this business, and, to use a slang expression, I have not yet lost my shirt—though I nearly did so on several occasions.

About five years ago a real estate organization in Winnipeg was addressed by the director of an American committee on real estate which had been carrying on an exhaustive investigation with respect to the evaluation of housing. He related that the records for the last 150 years had shown that property values in his country had consistently reached their highest mark and lowest mark in a cycle of eighteen years. The high mark of the cycle had been reached in nine years, and then prices had begun to drop with the low point being reached in the next nine years. He said that two or three factors, such as wars or national catastrophes, might have caused a variation in that cycle, and he said that it never goes back as low as the point at which it started up, and that it always goes up a little higher than the point it reached before. In other words, if the lowest-priced house cost $1,000 and went up to $6,000, it would not come back down below $1,500. And the next time prices went up, instead of the price of this house stopping at $6,000, it would advance to $7,000. If the record is examined, it will be found that there is a similar cycle in Canada. It usually is not operative during a war, of course, because an emergency of that nature often breaks a link in the chain, through government interference in loaning schemes, and so on. For instance, in 1950 lots of people said we were faced with the threat of a depression in this country. Then came the Korean war, and things started to boom again. That war would have stopped the trend of real estate values if it had been on the road down, but after the war the cycle would operate the same as ever.

Honourable senators, I am persuaded that practically all the people with capital enough to buy houses have already bought, although there may be individual exceptions. And remember, besides the capital needed to buy a house, there has to be an additional amount for furnishing it. I think the people without capital should have rental houses built for them, and the only solution in that regard it seems to me, is the one that has been suggested in my province: 75 per cent of the money to be provided by the dominion government, 12½ per cent by the province and 12½ per cent by the municipality, that the money be advanced at a certain low rate of interest, and that the city manage, rent and take care of the property. That is the only hope for that class of people who want a house to live in and cannot afford to buy one. I lived through the depression, from 1929 until pretty close to 1939, when the war broke out, and I saw houses in the city of Winnipeg classified by the government as houses for the unemployed, with a rental of $16 per month, which today are renting at $75. The $16 a month did not even pay for the taxes or the insurance on the property. The same thing was true in Brandon and Regina, and no doubt in Toronto, Montreal and other cities. That situation prevailed for three or four years; and today those very houses, which were valued even after 1940 at, say $5,000, are selling now for $12,000. I may be wrong, but it does not seem reasonable to me. So much for the housing proposition.

I come now to the banks. It is suggested by the government that plenty of money is available in the banks, so why not go and

get it. I am expressing it in a rough way, but that is what the government means. In the past we have been getting money from the insurance companies. Insurance companies receive money for one purpose, namely, in return for policies. A company will sell an insurance policy on a man's or a woman's life at a yearly premium, and when the insured dies the company will pay to his estate or beneficiary a certain sum of money, according to the contract. It is true that the insured, while living, may borrow on or cash in the policy, but the main purpose of the policy is to insure his or her life. I venture to say that every member of this house has the same idea about an insurance policy. Whenever I have discussed insurance policies with people I have usually found that they took out insurance in the same way as I did. I had quite a lot of it, and it has been fully paid up for some years. My wife was the beneficiary. I never cashed or borrowed on my life insurance, because I wanted to know that if I predeceased my wife she would get the face value of the policies and have enough money to live on. No doubt most men buy as much insurance as they can pay for. Protection is the primary purpose of life insurance in this country, and that is why its promotion has been so successful. Men and women—especially men, who earn most of the money—know that if the bread winner is suddenly taken out of the picture his wife and their children, if any, must have as good a chance of survival as if he had lived.

On the other hand, the function of the banks in our economy is to accept money on deposit, and to have it available to the depositor at a moment's notice. Any experienced practising lawyer will have seen many estates pass through his office, big ones and little. In my practice it was the small estates that caused me most concern. I am thinking of a case such as that where a father dies and leaves an estate of a total value of $5,000, including about $300 or $400 on deposit in the bank. The minute the death occurs the family want that money, because somebody may be sick or for some other reason. But anyone at all likes to have $200 or $500 or $1,000 on deposit in a bank account, which he knows is available to him at any time he needs it. That is the true purpose of the bank as an institution. I challenge anybody to point to financial institutions with a better record than our chartered banks have had, even throughout the depression years of 1930 to 1935.

The government is now proposing to take the money on deposit in the banks and lend it to every Tom, Dick and Harry, tie it up for the next thirty years. Somebody has said that properties can be sold and loans liquidated. Let me say emphatically that when the going gets tough you just can't sell houses. As a lawyer I have had people come and plead with me to help them sell or get loans on houses they owned, and I have had to say "I am sorry, but no matter what your property is worth, it just can't be sold for a reasonable price."

The crux of the problem posed by this bill is that it would risk the savings of the thrifty people of Canada who have saved their money and put in the bank, only to have it taken out and lent over a long period to someone who himself has not been able to save enough to buy a house.

Hon. Mr. Beaubien: But the banks are not obliged to lend the money.

Hon. Mr. Haig: If I did not know that my honourable friend was an experienced man I would be surprised at his innocence in making such a remark.

Hon. Mr. Beaubien: I am not as innocent as I may appear. I say, there is nothing to compel the banks to lend money.

Hon. Mr. Haig: My honourable friend will have his chance to talk; I would prefer not to have any interruptions. I say quite candidly that if the banks did not lend money under this legislation they would soon have a visit from Mr. Graham Towers. He has been given power under this proposed act to invest large sums of money, and he can force the banks to make money available, because they are under his control. Yes, make no mistake about it: if the banks do not lend money on houses, there is nothing to this legislation at all. No bank will lend money voluntarily on anything but gilt-edged security. How many banks in Saskatchewan would lend money under this legislation, if they did not have to? They would be foolish to subscribe to loans on real estate, for the law in that province provides that no proceedings may be taken against a homestead without first obtaining a judge's order. And what happens in a typical case when the parties appear before a judge asking for an order? The mortgagor will point out that he is out of a job, that his daughter is working for $75 a month, and is paying as much as she can to help keep the home together. He will say: "We cannot pay the $50 a month we owe under this mortgage; we can pay $10, $20 or $25 a month, and if you do not take that we will lose the house and have to move out with our five children". Do you think the judge will make an order? Well, not if I know anything about what is usually done

in these cases. And if you cannot get the proceedings completed in a year after default you cannot make the government take the mortgage, because that is what is said here.

If the banks do not have to lend the money —and I am surprised that my honourable friend (Hon. Mr. Beaubien) even suggests that—then the bill means nothing, and all we need is an amendment to the Bank Act to allow the banks to make loans on real estate. But I know enough about life to be sure that if this bill becomes law and the banks refuse to lend money they will hear from the government.

And who will take the onus when proceedings need to be started? When my office starts foreclosure proceedings for some life insurance company which we represent, in comes a fellow who says, "Well, Haig, I see you have started proceedings against my house". I say in reply: "You haven't paid anything on this mortgage for some time; your taxes are two years in arrears; your insurance lapsed last week and you did not renew it, so we had to pay the premium. I sent a man up to look at your house, and although you owe us $6,000 he says that your place is worth only $5,000. Sure, it was a $12,000 house when the government started in with it, but now it is down to $5,000. What about it?" He then tells me: "You will hear about it. It will be told up and down this city what a company that is, that as soon as it can get after somebody, that person loses his home." It will be the same with the "grafting" banks. That is what happens every time. Any of you who have been in law practice some years and went through the depression know from actual experience that that is what happened. I know that is what happened in the province of Saskatchewan, where my honourable friend (Hon. Mr. Horner) came from. He has heard all this talk about the loan companies—yes, even about the Dominion Life Assurance Company, of which my honourable friend from Waterloo (Hon. Mr. Euler) is a director, and also about the Great West Life Assurance Company, of which my honourable friend from Churchill (Hon. Mr. Crerar) is a director. They said in Saskatchewan that these companies were grafting companies because they tried to take the farms from the farmers. People said to those companies, "You are stealing our land".

That is the situation under this bill. The onus is put on the banks, which have been trying for years and years to build up a good feeling between themselves and their customers, their depositors or their borrowers. It is feared that this bill might jeopardize that good feeling.

I ask my honourable friend (Hon. Mr. Macdonald) about foreclosure under the bill. If we get into tighter times—if for instance, we cannot sell our wheat—where are purchasers going to get the money to pay the instalments on their houses in the towns? My honourable friend from Blaine Lake (Hon. Mr. Horner) recently told us that rural merchants in Saskatchewan are refusing to sell goods on credit, that transactions must be cash on the barrel-head, or no goods. The merchants say, "What else can we do?" They point out to the farmers: "You have sold only five bushels of wheat per acre to the government, that is all you have been paid for, and the money you have received will pay only a few accounts that you owe us. You owe us a lot of money now, and we are not going to give you any more credit." That is the existing situation, and it can get worse. I hope it gets better. God help our Western country if we do not find some place to sell our grain to. We face the competition of the United States, which are loaded down with commodities and have huge supplies ready to place on world markets. All down the river the boats are loaded with wheat and there is nowhere to unload them. Our elevators in Saskatchewan are filled with grain which cannot be shipped. We have not sold any of the 1953 crop. The only wheat we have sold has come from the 1952 crop, and only 148 million bushels of the 1952 crop was unsold. Now that is the situation that can arise in a country in which there is no depression at all, because surely a carry-over of six or seven hundred million bushels of wheat in Canada does not signify depression. It would mean depression if we could not sell it, though. Well, in a situation like that what are people going to do to raise the money to pay the bank? And if the bank does not get title within one year after default the government does not have to take over the mortgage. That is what the legal language in this bill says.

For these reasons I do not think this legislation should be passed. I candidly believe that the solution is the one I suggested earlier in my address, namely, that the government should advance 75 per cent of the money required for building rental houses at an interest rate as low as 3 per cent, that the provincial governments and the municipalities should advance the remainder in equal proportions, and that the houses should be rented and managed by the municipalities which are closer to this situation than any other level of government. If they had to put up 12½ per cent of the money they would look after the management of things and people would be given homes, and without any foreclosure

proceedings people who did not pay could easily be dispossessed and others who would pay would move in.

I am not going to take up further time, although I do not want to overlook anything in the notes that I gave to the press.

Hon. Mr. Euler: I do not like to interrupt my friend, but does he suggest that the municipalities put up 12½ per cent of the cost?

Hon. Mr. Haig: Yes.

Hon. Mr. Euler: Where would they get the money?

Hon. Mr. Haig: Where they get it now. Winnipeg is borrowing $4 million at the present time.

Hon. Mr. Euler: From the banks?

Hon. Mr. Haig: No, from the bondholders of Canada. They like our security. I am sorry if your town is not as good security as is Winnipeg. My city borrows very easily. Six months ago it offered to sell me some bonds which have gone up about a point since then.

Hon. Mr. Euler: There would have to be a change in the law as to the maximum amount they can borrow.

Hon. Mr. Haig: That would be covered in the legislation.

Hon. Mr. Euler: That would have to be done by the province.

Hon. Mr. Haig: Our province would do it quite easily and gladly. We have a government that just loves to help Winnipeg.

Hon. Mr. Euler: Maybe.

Hon. Mr. Haig: Let us go back to what I was saying. I asked my honourable friend the Leader of the Government (Hon. Mr. Macdonald) what a man earning $3,600 a year could pay on the charges for a loan. Well, I want to give him a little more latitude. Let us describe the purchaser as a man earning $4,000 a year. How can he afford to pay the interest and principal on a $12,500 loan, together with the taxes? Why, the taxes on that type of a house in our municipality range from $300 to $350 a year. I have a house on a street on which all the improvements are paid for, yet the taxes amount to $275 a year. The city evaluated it the other day at $13,500. I think that they are a little high in that valuation, but that is only $1,000 more than the ordinary house would cost under this legislation. I have seen in Winnipeg the $10,500 house built by the government and it is not as good a house as mine is, by a long way. To build, it would not come within $3,000 of the cost of my house, which although twenty years old is valued at $13,500, and on my house I am paying $275 a year taxes. If you were to add to that 5½ per cent interest on the $12,500 loan, you would arrive at a figure that I do not think a man earning $4,000 a year can pay. At the present time his $4,000, in relation to the value of money fifteen years ago, is worth only $2,000. The cost of living is up nearly 100 per cent, as we all know, and his purchasing power is thereby cut down.

For these reasons I plead with the government to reconsider this whole bill. I do not think it is fair to the commercial interests of Canada to drain away from the banking institutions money needed to finance the mercantile activities of this country. Mercantile loans are of a very sizeable amount at the present time, I believe.

I repeat: in the first place, we do not want to affect the interests of the depositors; in the next place, this money should be retained for the benefit of mercantile business and the maintenance of employment.

For these reasons I personally am opposed to this bill, lock, stock and barrel. I cannot see in it one item of merit; I can see only trouble—trouble—trouble for everybody connected with it; and I plead with the government to be content with existing legislation. I concede that the life insurance companies have done a magnificent job, but they are getting near to the limit of the amount they judge it advisable to put into mortgages, so that they are transferring their interest to bonds. I observe that bonds of the Province of Manitoba which were issued to yield 4 per cent now bring a price which yields only 3·61 per cent. Bonds offered by the Canadian National Railways in January this year, and which, at the issue price of 99½, gave a return of 3¾ per cent, are now selling at around 104. Why? Because the insurance companies are in the market to build up their portfolios with more bonds and fewer mortgages. I admit that in the mortgage field the insurance companies have done well; in fact they have lent on this type of security in excess of the limits formerly permitted by the law. I am not an insurance company director, but my recollection, which may be corrected by the honourable senator from Churchill (Hon. Mr. Crerar) or the honourable senator from Waterloo (Hon. Mr. Euler) is that these companies may allocate only 15 per cent of their reserves to this type of security. Under the present bill this limitation no longer holds; but the fact remains that, in the opinion of the companies, the danger point has been reached.

The other change affects the banks. I deplore what seems to me an attack on

the banks. I regret to see a drawing away of resources represented by a combination of small savings; and it is to be remembered that most savings accounts are small, because usually, when they grow bigger, the money is put into bonds. Three months ago I asked a nurse, "What do you do with the money which you save?". She said "I put it in the bank until I have enough to provide a reserve in case I am sick". I said "Yes; and then what?". "Then", she said, "when I have saved another $100 I ask the bank manager what bond he would recommend me to buy, and he tells me, and I buy it." But she keeps a certain amount in the bank for emergencies. Now, the banks are to lend that emergency money. I think—taking the case in point—the young woman should do the lending of her own money. If she wants to invest it in a bond, let her do so; if she wants to purchase a mortgage company bond, she should have the right to buy it; if she prefers the bonds of some life insurance company, and such securities are available, let the choice be hers, not that of someone else.

So, I repeat, I am opposed to this legislation. It does not meet the need it is supposed to meet, and it permits the taking of money from a source which should not be tampered with at all.

Hon. Cyrille Vaillancourt: Honourable senators, if I agreed with the arguments of the honourable Leader of the Opposition (Hon. Mr. Haig), and were forced to oppose the bill, I would be in a very pessimistic frame of mind. But for myself, I approve the bill, and am ready to vote for it. I do not deny that the honourable senator who has just spoken has had some experience in these matters, but we in Quebec, with our local organization, the *caisse populaire,* have had fifty-four years' experience. I might also point out that my honourable colleague from Grandville (Hon. Mr. Bouffard), who is connected with savings banks in Quebec, has had some experience with mortgages in the last six or seven years. He has no apprehensions about this legislation; neither have I.

The honourable senator who has just taken his seat mentioned, I believe, that as far back as 1867 banks were prohibited from lending money on mortgages. But the situation has changed. Our *caisses populaires* in Quebec have now over $130 million loaned on mortgages. Formerly, when a mortgage was arranged, the mortgagee was required to refund annually a certain sum of money. For example, on a loan of $1,000 the repayment might be $100 plus interest, payable once a year. But the system has changed. The borrower is required to refund each month a certain amount, and, because thousands of people who borrow money to build houses are repaying month by month sums running into millions of dollars, that money is no longer held in certain hands for twelve months, but circulates continuously through the agency of the banks. I am happy to be able to publicize these facts, because it was Mr. Desjardins, the founder of the *caisse populaire,* who first organized the system of refunding money each month. I believe that this method is largely responsible for the fact that, although our local organizations have had fifty-four years' operations in receiving savings and loaning money, and have advanced over $1 billion by way of mortgages, our losses have amounted to no more than one-hundredth of one per cent. I do not fear the results of the entry of the banks into the mortgage field, because the large amounts received by the banks are derived, not from poor people but from the workers, and it is reasonable that a certain amount of this money shall be available, not only for business expansion, but for the ordinary needs of the local population.

It is said that this law is not perfect. I agree. It is not perfect because people are not perfect, and imperfect people cannot make perfect legislation. The purpose of this bill is to assist a great number of low-salaried citizens to own their own homes, and it is for this reason that I approve the legislation.

I feel that this legislation can be improved, and I hope that it will be improved while in committee. For instance, I hope that the clause which entitles limited-dividend housing companies to derive certain benefits, when they are erecting multiple-family dwellings, will be amended in favour of housing co-operatives. We are told that certain people will never own their own homes, that they are not called upon to fulfil this social role. This may be so, for some people have never owned anything. But if people were offered the opportunity of owning a small piece of land, no matter how small, I am sure their whole way of life would be altered. I have some experience in this matter, for during a period of over forty years I have been dealing with *caisses populaires* and such charitable organizations as the St. Vincent de Paul Society.

I could cite cases where poor families of eight, eleven and even thirteen children have been evicted from houses because the rent had not been paid for several months. Charitable organizations were eventually able to place these families in houses that had been more or less poorly maintained, but within a few weeks these people put in gardens and

generally improved their newly-acquired dwellings. They had been given a small piece of property, and the fact of owning something had altered their whole pattern of life; practically overnight they no longer required assistance. Some of these families, after requiring charitable aid for as long as ten to twenty years, no longer needed it, and their descendants are now living happily in their own homes.

On the other hand, I also know people who have always lived in apartment dwellings that have housed as many as eight, ten or twelve tenants. They have been paying monthly rents of $20 and $25, and they will probably never get away from this sort of thing. I have noticed that it is in such homes that the most subversive and detrimental notions are born and bred. I do not claim that this is true of all low-rental dwellings, but it applies to many. For this and other reasons we should endeavour to the utmost to develop a sense of ownership in our people.

It has been claimed that only one organization should be considered in the matter of constructing multiple dwellings, for one could not be given preferred treatment over another. If a limited-dividend housing company can be given preferred treatment, then why can the same method not be applied in the matter of housing co-operatives, which have done wonderful work in the past with respect to moral and social education as well as in the field of house building? I am dumbfounded to realize that some people can think right in matters concerning dollars and cents, but cannot use the same sense of logic when dealing with the moral values which form the basis of the life of every nation. A country that has no sense of moral values is headed for material and physical ruination and total degeneration.

I should like to make a few comments in order to refute certain rumours which were spread around the country, no doubt to prevent the passage of this bill. For instance, it has been said that under this act no house can be built for less than $12,000. When the 10 per cent and the 30 per cent have been deducted, the sum of $10,000 remains to be paid. This amount is to be amortized over a period of twenty-five years at an interest rate of 5½ per cent. On this basis the home owner would have to pay $61.41 per month, and with taxes and fire insurance taken into consideration the monthly payment would be increased to approximately $70. If this were the case, the act could never be applied, for ordinary employees could never afford the initial cash requirement of $2,000, and maintain monthly payments of $70. The Montreal *Star*, under date of March 13, carried an advertisement about houses approved by the Central Housing and Mortgage Corporation, and selling for $8,500. Some of the building features of these homes were as follows: full concrete basement; hardwood floors; coloured line tile bathroom with showers; 200 volt wiring for electric stove; living room with picture window; steel columns; planned kitchen with linoleum; three bedrooms; ample closet space and hot air heating.

Let us apply the new mortgage financing to this advertised home costing $8,500. After 10 per cent is deducted from the first $8,000, and 30 per cent from the balance of $500, an amount of $7,550 will still remain to be paid. This amount will be amortized over a period of twenty-five years at a monthly rate of $46.08. Added to this will be the cost of fire insurance and the payment of taxes, making an aggregate outlay of approximately $52 or $53 a month. Thus the plan becomes quite feasible. These particular houses are built near Montreal, where land is quite expensive, and it will be realized that the people who build them make a living from it. Housing co-operatives at Drummondville, Quebec City and Cap de la Madeleine have been building seven-roomed houses designed with eight-foot cellars. They are finished with a brick veneer and sell for only $7,000. Last year in Quebec City we built a number of houses by way of experiment, one being finished with asbestos shingles, and we sold these homes for $6,011.25. I must admit that this particular type of house did not meet the requirements of the Central Housing and Mortgage Corporation, as it did not have an entrance hall. To include such an entrance hall would have meant increasing the dimensions of the house by three feet in width and four feet in length. It is our hope that the Central Mortgage and Housing Corporation will introduce regulations to enable low-salaried workers to occupy houses that do not have entrance halls. I do not see any particular reason why a house should have an entrance hall. However, the officials who administer this act are reasonable persons, and I do not doubt that they will establish fair regulations.

Certain organizations in the province of Quebec merely assist in housing matters, and I am happy to see that the banks will be able to help credit unions—*caisses populaires*—and insurance or loan companies which have previously carried all the charges of new dwellings. Our credit unions have accomplished more than any other organization, and I hope, for the welfare of the country, that the other organizations will help our savings, credit and housing co-operatives. In the province of Quebec there are over 60 housing co-operatives, which represent more than 50 per cent of

the housing co-operatives in Canada. This large number of housing co-operatives is the result of financing which, in most cases, was done by the savings and credit co-operatives.

I hope that this law will be applied successfully to the welfare of our compatriots, and that the regulations enacted thereunder will facilitate the application of the law.

Hon. Gordon B. Isnor: Honourable senators, when the honourable Leader of the Government (Hon. Mr. Macdonald) explained this bill yesterday I understood there would be no opposition to it whatsoever. In fact, I thought that if I had an opportunity to say a few words, my very first would be to congratulate him on the very clear and full manner in which he outlined the various sections. It is true that he did not cover every section. For instance, I do not think he referred to section 43, a very important section dealing with proclamation of the various parts of the act. However, I was impressed by the general object of the bill, and, naturally, was surprised to hear so learned a person as the honourable Leader of the Opposition (Hon. Mr. Haig) say he was opposed to the bill.

I have an altogether different approach. I think the bill is an exceptionally fine social measure. If no other purpose is to be served, it will certainly be instrumental in creating a finer type of citizen in Canada. I was very surprised at a statement made by the Leader of the Opposition in regard to the exhaustion of the market. Surely he must realize that the market is far from being exhausted, for since the middle of 1945, about eight years ago, 730,000 homes have been built, an average of 91,000 houses a year, and last year a top record of 105,000 houses were started. Those facts speak well for a piece of legislation such as we have before us.

The other day when I asked the honourable Leader of the Government (Hon. Mr. Macdonald) whether he proposed referring the bill to a standing committee or dealing with it in committee of the whole, I had in mind that we might have an opportunity for a fuller discussion in committee of the whole than in a standing committee. As I am not fortunate enough to be a member of the Banking and Commerce committee to which the Leader of the Government intimated the bill would be sent, I should like to bring to the attention of the chairman of the committee and its members one or two matters that I think should be enlarged upon or clarified. I have in mind, for instance, the very fine work done by the Central Mortgage and Housing Corporation in regard to the housing situation in Canada during the past several years. However, I feel that they have still left untapped a potential market, that of the lower-bracket wage-earner. As far as I have been able to ascertain, the bill contains no provisions for the benefit of the low wage-earner, that is, the type of man who can pay from $32.50 to $45.00 per month. I think that is an oversight, because people in this class represent a big, potential market which has been practically untapped during the building program of post-war years, and indeed since the National Housing Act first came into effect.

The Central Mortgage and Housing Corporation throughout its years of service has done a really good job in the other fields of housing; and I believe that house builders in every section of Canada will find the lower wage-earner group ready and anxious to pay for their own homes, through a proper plan which can be worked out by the corporation. I mention this because I realize, naturally, that plans and specifications for a $6,500 home are not adequate to provide for a $9,500, $10,000 or $12,000 home; and I think that if necessary serious consideration should be given to the needs of those very important groups known as the lower or middle-class wage-earners. One must consider that while the average annual earnings of the classes to which I refer have practically doubled in the post-war era, their expenditures have grown out of proportion to their earnings. Unfortunately, the Central Mortgage and Housing Corporation has, to a marked degree, devoted its attention to what one might term the middle and upper classes, no doubt thinking this was a safer or more profitable policy. Department stores do not depend on one class for merchandising, but reach out to all classes, and in the great majority of cases mass production is brought about by the heavy buying of the middle and lower income groups. So I repeat, these groups are very definitely a potential market for the builder.

I wish to say a word in regard to the statement of the Leader of the Opposition (Hon. Mr. Haig) as to the attitude of the banks. I am one of those who feel that the banks are quite prepared to accept their responsibility on this important question. If they are provided with the proper machinery and are given permission to go ahead, I do not think they will hesitate to make the loans necessary to provide funds for the building of additional homes. The question in my mind is whether the Bank Act should have been amended before this plan was brought in and the banks asked to co-operate in it. If the proper amendment were made to the Bank Act, I am confident that the banks would carry on in the same fine way as the insurance companies have throughout the past several years. Great credit is due the

insurance companies for the progress they have made, and the fine record they have shown. The relatively few losses suffered by these companies gives me real pride in the citizens of Canada.

I mentioned earlier that this legislation is of a social nature. In this connection I should like to refer to a recent news item on what President Eisenhower had to say about the need for new housing in the United States, and the fact that his housing program was of a social and welfare nature. We in Canada, by the adoption of this legislation, will follow very closely the program in the United States: while we are now spending hundreds of millions of dollars on national health and welfare, we are turning to another branch of welfare, that of housing. When placing his housing plan before Congress, President Eisenhower said:

> I submit herewith measures designed to promote the efforts of our people to acquire good homes, and to assist our communities to develop wholesome neighbourhoods in which families may live and prosper.

I think that is what our Minister of Public Works—that fine Nova Scotian, the Honourable Mr. Winters—is endeavouring to do by this legislation; in other words, to make it possible for all classes to enjoy better home life. I certainly agree with the definitions of home life given by the honourable leader opposite (Hon. Mr. Haig) and the honourable senator from Blaine Lake (Hon. Mr. Horner). As long as our people have a happy family life they will be good citizens.

Hon. Mr. Horner: But 6 per cent interest on mortgages is a bit too high.

Hon. Mr. Isnor: I do not think we can measure in dollars and cents the extent to which we should go in providing good homes for the development of family life.

President Eisenhower continued:

> The development of conditions under which every family can obtain good housing is a major objective of national policy. It is important for two reasons:
>
> First: good housing in good neighbourhoods is necessary for good citizenship and good health among our people.
>
> Second: a high level of housing construction and vigorous community development are essential to the economic and social well-being of our country. It is, therefore, properly a concern of this government to ensure that opportunities are provided every family to acquire a good home.

I should like to take my place alongside the Honourable Leader of the Government (Hon. Mr. Macdonald) as one who wholeheartedly approves the general principle of this legislation. I hope that I may have a further opportunity to ask one or two questions of a pointed nature on some sections of the bill. In closing, may I ask the honourable leader if when the bill is reported back to the house we shall have an opportunity of discussing any particular sections.

Hon. Mr. Quinn: Why, certainly we shall.

Hon. John J. Kinley: Honourable senators, after listening to the speech of the Honourable Leader of the Opposition (Hon. Mr. Haig), I felt I should like to say a few words about the bill. While I enjoyed his speech—and some of the things he said were, I think, salutary—I do not agree that his method would be the proper one to meet the housing problem at this time. I listened to the explanation of the bill by the Leader of the Government (Hon. Mr. Macdonald) last evening, and although I had not at that time read the bill I felt that he gave a splendid explanation. I now feel it is a most comprehensive bill, and one which meets a need that is apparent in Canada.

When this bill was being voted on in the other house, I went to the gallery with some friends and had the unique experience of hearing the Speaker of that house call for yeas and nays. There were the usual yeas and nays audible—

Hon. Mr. Quinn: Mr. Speaker, on a point of order, may I point out that the honourable senator is referring to what transpired in the other place at the present session. I contend that he is out of order.

Hon. Mr. Kinley: I feel, Mr. Speaker, that I am perfectly in order.

The Hon. the Acting Speaker: The honourable senator from Queens-Lunenburg (Hon. Mr. Kinley) is familiar with the rules of this house, and I am quite sure he will take care not to encroach upon them.

Hon. Mr. Kinley: I will not encroach upon the rules of the house.

A standing vote was then demanded. They had to stand and be recorded, and everybody voted for the bill except—

Hon. Mr. Quinn: Mr. Speaker, my friend is still endeavouring to state what took place in the other house.

Hon. Mr. Kinley: Everybody except two voted for the bill. I thought it was the best piece of parliamentary strategy I had seen in many a day, and I am very sure that it resulted in a sharp rise in the stock of the Minister of Public Works, who had charge of the bill.

Hon. Mr. Quinn: Order, order.

Hon. Mr. Kinley: Honourable senators, it seems to me that this bill is a successful effort to meet existing conditions and provide the means whereby certain people of this country can get necessary housing accommodation. First, it is a marshalling of the

capital money in this country. We all know that the repositories of our wealth are the banks and life insurance and finance companies, and this bill gives the people access to them. Down in my part of the country there is an old saying to the effect that if you want money you must go where the money is. I think that is exactly what this bill does: it gives those institutions which control the pools of money an opportunity to use it for the mutual advantage of these institutions and the public.

The bill provides that the cost of the money to the borrower will be very carefully controlled. It is based on the rate of return on victory bonds, to which is added the normal expense in an operation of this kind, and the interest rate is fixed as low as possible, considering conditions as they exist today.

There is the added advantage of having loans amortized over a period of twenty-five years. This is a good proposition for the man who expects and hopes to own a home in his lifetime. There is the further advantage of having the cost of insurance borne collectively. The companies which control finances are powerful and can get money at the lowest possible rate. I am not altogether sure that I like the idea of a government guarantee, for the banks in this country have always been exponents of free enterprise. It surprises me a little that they would like to do business under the shadow of a government guarantee. However, the government guarantee in this case has the effect of lowering the rate of interest. We are told that a good interest rate on money is 3 per cent. The extra percentage is charged because of the hazard. When the hazard is removed we can expect lower interest rates.

Certain elements which enter into this are of value according to their virtue and the impression they can make. I am one of those who do not believe the big institutions of this country should be given too much shelter. However, we will have an opportunity to discuss that when the Bank Act comes before us this session.

The banks at present are in quite an affluent position. Never in history have they made so much profit as they are making at the present time. In the past the life insurance companies have taken their share of mortgage lending, and now we are asking the banks to participate in this business. The bill only asks that the banks take a reasonable share by lending some of their surplus money to be used for a needy purpose, and for the public benefit. The banks, I am sure, can lend money on housing without jeopardizing the savings of the people. Time and again we are told that the function of banks is merely to accept savings and look after them. Although some assert that that is an absolute fallacy, I would not go that far. However, I do say that to a large degree it is a fallacy. It is my opinion that the function of banking institutions today, with the enormous funds at their disposal, is not limited to looking after people's savings. However, we can explore that subject when the Bank Act is being considered.

I am glad to see that the primary producers, such as the fisherman, the logger and the lumberman, are going to benefit under this Act. I would like to see more done for the farmers. What strikes me when I go into the country is the simplicity of the farmers' homes. In general, the farmer has not the domestic conveniences that we have in the towns. Some farm homes have a bathroom and some have a central heating system, but generally the standard of living, so far as housing is concerned, is not in line with that of industrial parts of the country; and I think, therefore, that in the future we should do something in this regard. As a rule financial institutions are not fussy about lending on real estate to residents of a rural area, because, I suppose, of the greater difficulty of disposing of real estate in the country than in the more active market of an urban district.

The honourable senator from Blaine Lake (Hon. Mr. Horner) yesterday spoke of taxes. I would point out under this legislation taxes are included in the monthly payments by the home owner, and when the lending institution pays the taxes it should get the advantage of the discount of perhaps 4 per cent or 5 per cent allowed by municipalities for prompt payment, and pass it on to the home owner.

The principle of this legislation is in keeping with the present-day trend, to mortgage the future. My attention was drawn only today to an advertisement for television sets at $10 down and so much a month for many months. Honourable senators will remember that some years ago we had to place restrictions on credit buying in Canada and require a 20 or 30 per cent down payment on articles purchased. It was found necessary to put on some arbitrary restrictions to prevent people from going too deeply into debt through credit buying. I read recently that a company was offering for sale, without any down payment, a refrigerator plus a month's supply of provisions. It is not so extraordinary as it looks, because the refrigerator is only a factor in the transaction. Companies like that make their profits through the financing of the products they sell.

Of course, the expense of borrowing money is high. When you finance the purchase of an automobile at so much down and so much a month you pay plenty for it. The man who buys for cash and gets a discount is the one who benefits. People who buy something for a low down payment forget about the high finance charges that they are going to pay on the balance for years to come, but they do rush into these deals. Furthermore, they usually do not have full knowledge of the ultimate price they are paying. It is through their charges for money that the companies who sell on these terms succeed. Do not forget that 10 per cent interest on the money involved in the transaction will probably exceed the profit on the refrigerator, and as the years go by the company is likely to sell the customer many other articles on the same basis. It is a business that should be carefully scrutinized by those who do the buying. Our economy is something like a bicycle: it has to be kept going to stand up. it must be kept rolling along. When a man goes into debt to buy a house he is doing a salutary thing, because he is putting his savings in the house instead of putting them in the bank, and he saves rental charges and eventually becomes the unencumbered owner. Besides, the ownership of a house gives a man a feeling of independence and stability. The more people in this country who become home owners, the greater will be the number of our independent and stable citizens. A home is an anchor. In my small concern and in my business relations I have always co-operated with the desires of any dependable workman who came to our company and asked to borrow money to build a house. I knew that if he built a house he would not be carried away by every little whim to seek greener looking fields elsewhere.

There are safeguards all around this legislation—safeguards as to the amount of money the bank can lend, as to how expensive a house one can buy, how much one should pay, and other safeguards to protect the buyer against exploitation. As it has been said, no legislation is perfect; but legislation of this kind, dealing as it does with a human problem, will provide facilities of great benefit to the people. With the five-day week coming along a workman has more time to improve his property. Many men can and do spend their spare time on Saturdays and on evenings throughout the week in helping to build their own houses. A company with which I was connected has been lending money to some of its employees to enable them to build houses; and there has not been one default over the years. Here is the way it works. A man who owns a plot of ground will get the help of friends to dig his cellar: somewhere in the plant is a plumber who will undertake to do the plumbing in his spare time; perhaps there is an electrician who, in the same way, will look after the electrical work. All these men help one another; and when the house is built the cost to the owner is much less than you might suppose.

That kind of enterprise should be encouraged. A man's family may include a couple of boys who are living at home and can help both with physical labour and money contributions. Where the family is large, and growing, and remains together, it can give a great deal of assistance in building and paying for the home. The honourable Leader of the Opposition (Hon. Mr. Haig) said, as I understood him, that a man with an income of $4,000 could not afford to build a $10,000 house. But right in our own community and in our own plant are men who have done that very thing,—men to whom we have made loans. We do not care to advance more than 60 per cent of the full value, but on that basis our employees have borrowed money and repaid it, and have got homes, good homes. I think that is a splendid achievement. It means that they have a purpose and are carrying it out, and that makes for conditions generally which are good for the community. Have homes been built by men with $4,000 a year? Yes, and $8,000 homes have been built from incomes of $3,000 a year. But much of the construction was done by the owners themselves, and of course that helps out considerably.

Before this bill came here it received almost unanimous assent in the other place. I believe it is to be sent to our Committee on Banking and Commerce, and I am sure that when it is considered there it will have the careful attention which measures of this kind always have in that committee. It may be that when it is returned to the Senate the honourable Leader of the Opposition (Hon. Mr. Haig) will change his mind, and, like his friends in the other place, will vote for the bill, so that it may be passed unanimously.

Hon. George P. Burchill: Honourable senators, I rise to add no more than a word or two in support of the arguments put forward by the honourable senator for Halifax-Dartmouth (Hon. Mr. Isnor), on behalf of a group of wage-earners that, unfortunately, will not be benefited by the bill. We can all agree that this bill is a step in the right direction, and that, as better housing will make a better country, it is along this path that we should go. That can be taken for granted. But I want to point out that the

legislation which originally was introduced by the government, and was administered so well by the Central Mortgage and Housing Comporation, affected only a certain circle of people. This legislation, I take it, will benefit a wider circle, and in that respect it is all to the good. But outside the fringe of that circle are many, many thousands of wage-earners who need and deserve better houses, but who, unfortunately, will not be assisted by the present bill. I have in mind communities with which I am familiar, where employment is seasonal, and limited in many cases to perhaps nine months of the year. One can appreciate what will happen when a man in that situation goes to the bank and asks the manager, pursuant to this legislation, to let him have a loan. Immediately in the bank manager's mind the question will arise, "Where is this man employed and what are the prospects that his employment in the next few years will be so continuous as to enable him to make the payments to which he will be bound if we give him a loan?". It can well be supposed that doubts would arise in the manager's mind as to whether the applicant would be able to make the required payments, and that for this reason he would be unable to recommend the loan. I fear that in many parts of the dominion this is the kind of thing that will happen, and that in the result the percentage of wage-earners that are enabled through this legislation to build homes will be very small. So, while I recognize that this is a step in the right direction, and that it will do good in many communities, there are others, such as have been referred to by the honourable senator from Halifax-Dartmouth, to whom these benefits will not be available. It is to be hoped that ways and means will be found, through legislation, to give people in this class the homes they deserve.

Hon. Mr. Macdonald: Honourable senators, may I close the debate?

The Hon. the Acting Speaker: If the Leader speaks now he will close the debate.

Hon. W. Ross Macdonald: Honourable senators, I am sure we have all listened with great interest to the speeches which have been made this afternoon. Not only were they interesting, but they were very enlightening.

I wish to thank honourable senators who have referred in such complimentary terms to the remarks I made last evening. One honourable senator regretted that I had not gone more fully into the details of the bill. But it will be remembered that at the outset I stated that I would refer to the broad principles and the more important implications of the bill. On second reading, of course, it is not customary to go any further.

The honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor), having spoken on some clauses of the bill, mentioned that there were other sections about which he would like to have information. He is not a member of the Banking and Commerce Committee, but I am sure that that committee would welcome him in their sittings when they meet, as I expect they will, tomorrow, and he can then get the information for which he has asked.

Both the honourable senator from Northumberland (Hon. Mr. Burchill) and the honourable senator from Halifax-Dartmouth said that provision is not made in this bill for people in a very low income group. May I remind the honourable senators of what I stated yesterday:

> The provision for high ratio loans for a long period of years, at low interest rates to limited dividend companies, is being re-enacted. This section of the act is being used by local groups to provide low rental housing, not only for families but for elderly people. Last year some 1,500 low-rental units were constructed under this section, and present prospects are that the section will enjoy increased use in 1954.

Honourable senators, that makes provision for low-rental units for people in a very low income bracket.

Hon. Mr. Quinn: Would the honourable leader please inform the house whether he has just made reference to houses or apartments and tenements?

Hon. Mr. Macdonald: Both. In my own city of Brantford I know that single houses are being constructed for elderly people.

The Leader of the Opposition (Hon. Mr. Haig) wants an arrangement whereby the dominion, the provinces, and the municipalities can build houses for rental purposes, and I would point out that such a provision is still in the act. Let me quote from the remarks I made yesterday when moving the second reading of this bill:

> Likewise, the provision for federal-provincial partnership in the fields of land assembly and subsidized housing is being re-enacted. Nine of the ten provinces have legislation on their statute books complementary to this provision . . .

Manitoba, which happens to be one of those provinces, has brought into effect certain complementary legislation, but no project has been proceeded with. Plans were drawn up for 800 housing units, but they were not started. Unfortunately the Leader of the Opposition is not in the house at the moment, for I want to say that the very plan he advocates was submitted to the ratepayers of Winnipeg and was refused by them. If I am incorrect in this statement I hope that my honourable friend will correct me at his first opportunity.

Hon. Mr. Beaubien: No, you are correct.

Hon. Mr. Macdonald: The honourable leader opposite seems to take the stand that a person without any financial means whatever will be able to build a home under this legislation, but that is not so. The act provides that 90 per cent of the first $8,000 of the lending value of each house or any part thereof may be advanced, and 70 per cent of the remainder. A person building under the act must make an initial down payment, and this means that he will immediately have a considerable investment in the home.

The Leader of the Opposition also assumes that young married couples who perhaps have not yet bought their furniture will be the only people to take advantage of the act. They can take advantage of it, of course, but only if they can make the initial down payment. Many Canadians who have been married for years, some of whom have already raised their families, want to own their own homes, and if they can make the down payment they will be able to build under this legislation.

The suggestion was made, again by the leader opposite, that there is no further demand for this type of housing, that the demand has been exhausted. Well, as the honourable gentleman from Halifax-Dartmouth (Hon. Mr. Isnor) stated, over 100,000 units were disposed of last year. So the demand has not disappeared. Marriages are taking place at the rate of about 125,000 a year, and approximately 30,000 married women immigrants come into Canada annually. It is estimated that after deaths, dissolutions of marriage and emigration, the net annual increase of family formations in Canada is about 95,000. Surely this is evidence that the demand for this type of housing has not yet been exhausted.

It is true, as has been pointed out, that life insurance companies have been providing most of these loans in the past, and these companies deserve great credit for what they have done. However, when the president of the Dominion Mortgage and Investment Association appeared before the Banking and Commerce Committee of the House of Commons he confirmed the doubt that life insurance companies can do no more than they are doing at the present time in the new residential housing field. There is no other source, unless it is the private investor, and, as I pointed out yesterday, the private investor will not go beyond 50 or 60 per cent. So where has the government turned? It has proposed that the Bank Act be amended to enable banks to invest funds on deposit in these mortgages. The mortgages will be insured, so the banks will be taking no chance. When they get an insured mortgage it will be as good as a government bond. Are the savings of Canadian citizens being put out at an undue risk? Surely there is no better security obtainable than the backing of the dominion government. As I have said, any mortgage placed by the bank on property built under this act will be as good as a government bond, and the security which the depositor gets could not be better.

The Leader of the Opposition said that no funds would be available for mercantile purposes, but that is contrary to the evidence given before the Banking and Commerce Committee of the other house. The Governor of the Bank of Canada stated that in his opinion the banks could invest $100 million annually in this type of mortgage, without taking any funds which would otherwise go into mercantile investments and other ordinary bank loans. No one is going to be harmed. The banks are going to have mortgages which they can take to the Bank of Canada, and obtain loans on them, if the bank sees fit. The bank could sell them to the Central Mortgage and Housing Corporation. Surely this whole proposition is a good thing for the depositors as well as for the banks.

I shall make just one more reference to what has been said by the Leader of the Opposition. The only conclusion I could draw from his remarks is that he wants the Canadian people to live in rented homes; that the provinces and municipalities should build homes for rental purposes. I do not know what rent he proposes, but he did refer to a rental of $75 a month that was being paid in certain parts of Winnipeg. Does he want the people of Winnipeg and other Canadian centres to continue paying $75 a month in rent and never become the owners of the homes in which they are living? That is not the policy of this government, and I am sure it would not meet with the approval of honourable senators. The policy of the government, which I hope will get the support of this house, is to provide the people of Canada with an opportunity to become home owners, not renters of homes all their lives. That is the policy which this bill will make effective.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Macdonald, the bill was referred to the Standing Committee on Banking and Commerce.

PRIVATE BILL

TRANS-CANADA PIPE LINES LIMITED—SECOND READING

Hon. Paul H. Bouffard moved the second reading of Bill S-11, an Act respecting Trans-Canada Pipe Lines Limited.

He said: Honourable senators, I shall be brief in explaining this bill, because it is a very simple one. The incorporation of a company called Trans-Canada Pipe Lines appears in the Statutes of Canada, 1951, chapter 92. Since incorporation, the building of an all-Canadian gas pipe line has undoubtedly called forth the imagination of all Canadians. It is, I believe, the biggest project launched in Canada since the building of the Canadian Pacific and other trans-continental railways. It is of great national importance, and when completed will provide large and important areas of Canada with energy and power for expansion. A few days ago the Right Honourable Mr. Howe stated in the House of Commons that a billion dollars would be expended on this project within the next five or six years. Up to the beginning of 1954 divergent opinions prevailed between the federal and provincial authorities, and also, between the companies, which had different projects in view. At last, the companies accepted suggestions made by the dominion government and also by the government of Alberta, and agreed to join in their efforts for the transmission of natural gas, and this met with the approval of all parties concerned. Trans-Canada Pipe Lines Limited will undertake the project, and it will be the biggest of its kind ever developed in Canada.

It is the purpose of the present bill to enable the company to carry out this very great project. I do not propose to go into the details of the bill; that will be done in committee. I intend to deal with the principle of the bill only. I think it is sufficient to say that there are three important features. First, the bill is purely financial in principle, its purpose being to increase the capital stock of the company from five million shares of the par value of one dollar per share to ten million common shares of the par value of one dollar per share. That is the first amendment. Secondly, the bill provides for the isue of one million preferred shares of the par value of fifty dollars per share. Thirdly, it provides that no issue of the preferred shares shall be made until first approved by the Board of Transport Commissioners for Canada. These are the only features which appear in the bill. Further details will be given by representatives of the company when the bill goes to committee.

It is a great honour for me to present this bill, and I am sure honourable senators are much interested in this project of national importance. If the bill is given second reading I shall move that it be referred to the Transport and Communications committee, where it can be considered in detail.

Hon. Mr. Lambert: May I ask my honourable friend if he has any information regarding the possible cost to the consumers of natural gas to whom this pipe line will convey the product from Alberta, and also what the distributing cost is likely to be in the larger markets here in the east, such as the cities of Toronto and Montreal, where the line is supposed to be directed?

Hon. Mr. Bouffard: I certainly would not venture to say what the cost of the gas would be to the different corporations using it. Of course, the cost would differ, depending on the location. It would undoubtedly be less in Saskatchewan or Manitoba than in Toronto, Montreal, or elsewhere in Quebec. In the second place, much will depend on the cost of the line, and since construction will not be completed for a few years the total cost could only be determined at that time.

As to the cost of financing, I think that will have to be assessed while the work is in progress. And finally, a great deal will of course depend upon the size of the market. If the cost of transportation is shared on the basis of 3 million cubic feet of gas per day, it will obviously be more than if it is shared on a 5 million cubic foot operation.

I am not an expert in these matters, but I offer these thoughts as a reasonable explanation of the situation. It is impossible for me to give further details about cost, but my honourable friend will recall the discussion which took place recently in the House of Commons when the Niagara Gas Transmission bill was considered. I believe there was at that time an understanding that the Niagara project which will supply southern gas to Toronto and vicinity will convert to western gas as soon as it is available. I conclude from that that the Consumers' Gas Company, which has a big interest in the Niagara line, does not feel that the people from Toronto will find gas from the southern states more costly than western gas. Otherwise, it would not have agreed to such a proposition.

Hon. Mr. Lambert: May I ask a further question, purely as a matter of enlightenment? I assume that by passing this bill we would merely be amending the company's act of incorporation.

Hon. Mr. Bouffard: That is all.

Hon. Mr. Lambert: Later on the company would have to apply to the Board of Transport Commissioners for a permit to operate,

and I suppose at that time the economic details of the whole matter to which I have referred would be determined; and the board might or might not facilitate the development envisaged in this bill.

Hon. Mr. Bouffard: That is no doubt true. The company has to go before two bodies: first it must apply to the Petroleum and Natural Gas Conservation Board of Alberta for a licence to export gas. A licence will only be granted upon the determination by the board that the price is profitable to the province of Alberta, and that it is such as will tend to build up a market. The company must then appear before the Board of Transport Commissioners and have its rates approved by that board.

Hon. Mr. Gershaw: Honourable senators, may I ask the sponsor of the bill if the government of Alberta has agreed to permit the export of gas?

Hon. Mr. Bouffard: Not as yet. The Conservation Board of Alberta will hear the application on March 22. However, as all parties are in agreement it is presumed that permission will be given. I understand the board is satisfied that the gas is available in sufficient quantities, and that it agrees with the policies of the two companies—Trans-Canada Pipe Lines Limited and Western Pipe Lines—which are co-operating to build the system.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Bouffard, the bill was referred to the Standing Committee on Transport and Communications.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 17, 1954

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King, P.C.) in the Chair.

Prayers.

Routine proceedings.

PRIVATE BILL

NORTH AMERICAN BAPTISTS OF CANADA—REPORT OF COMMITTEE—AMENDMENTS CONCURRED IN

Hon. Mr. Bouffard, Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill G-11.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills to whom was referred the Bill G-11, intituled: "An Act to incorporate North American Baptists of Canada", have in obedience to the order of reference of 3rd March, 1954, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 1, lines 12 and 13: delete the words "of Canada,", and substitute the words "Inc., (Canada),".
2. In the title: delete the words "of Canada.", and substitute the words "Inc., (Canada)".

The Hon. the Acting Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. Bouffard: With leave, I move that the report be concurred in now.

The motion was agreed to.

THIRD READING

The Hon. the Acting Speaker: When shall the bill be read the third time?

Hon. Mr. Bouffard: With leave of the house, I move the third reading now.

The motion was agreed to.

DIVORCE PETITIONS

REPORT OF COMMITTEE

Hon. Mr. Howden (for the Chairman of the Standing Committee on Divorce) presented the Committee's reports Nos. 340 to 348, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next meeting.

The motion was agreed to, on division.

THE PRIME MINISTER'S TOUR

ARRANGEMENTS FOR WELCOME AT ROCKCLIFFE AIRPORT

Hon. Mr. Beaubien: Honourable senators, may I be permitted to make a brief announcement for the information of honourable members who desire to greet the Right Honourable the Prime Minister when he arrives back at Rockcliffe Airport at 9.30 tonight. Those going to the airport by car should proceed by Sussex street through Rockcliffe park and north of the lake along the Driveway to the R.C.M.P. barracks, from which point there will be guides. This route, rather than the one by the Montreal road, is recommended. It is important that all who are motoring to the airport should reach there and have their cars parked by 9 p.m. or earlier. For those not using their cars, it has been arranged that three buses will leave from in front of the Parliament Buildings at 8.45 p.m.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. Macdonald: Honourable senators will observe that there is nothing on the Order Paper under the heading "Orders of the Day", the reason being that no legislation has come to us from the House of Commons since our last sitting. I would remind honourable members, however, that there is a considerable amount of work for us to do. The Standing Committee on Banking and Commerce, which is at present examining an important bill with respect to housing, met this morning and adjourned to re-assemble immediately after the Senate rises this afternoon. The chairman of the committee has asked me to remind all honourable members of this meeting.

ST. PATRICK'S DAY

TRIBUTE TO IRELAND'S PATRON SAINT

Hon. Felix P. Quinn: Honourable senators, may I remind the house that this is the 17th of March, the day when all Irishmen commemorate not the birth but the death of that illustrious apostle of Ireland, St. Patrick. Historians and writers have disagreed as to where St. Patrick was born. Many claim that his birthplace was Dumbarton, Scotland, while others say he was born in Wales, and still others say it was in France. But I think the majority of the claims are that he was born in Dumbarton, Scotland. So we must give Scotland some credit for our illustrious Saint.

Some Hon. Members: Hear, hear.

Hon. Mr. Quinn: He was born and reared a Christian until he was sixteen years of

age, when he was captured by a band of Irish raiders and taken into captivity to Ireland and sold to an Irish chieftain who raised sheep. Patrick was given the task of taking care of the sheep, and he laboured as a sheep herder for six years, praying incessantly that God would release him from captivity. At the end of the six years he made his escape, crossed the channel and landed in Wales, which fact probably gave rise to the claim that he was born in that country. He then crossed the channel to France, made his way to Tours, and placed himself under the protection of the Bishop of that see, by whom he was educated and elevated to the priesthood. He laboured there for a while and then made his way to Rome, where he pleaded with the papal authorities over and over again to be allowed to go back to the land that he had learned to love during the six years of his captivity.

It is told that he saw in a vision and heard the voices of unborn children crying, "Come back, O holy youth, and bring us the gospel of truth." Whether that is true or not, he finally succeeded in obtaining a commission and was consecrated a bishop. Then, accompanied by a small band of missionaries, he made his way back to Ireland, crossed over, we are told, and made his way to a hill opposite the hill of Tara, which was the seat of the kings of that day. The people of Ireland were pagans at that time, and they worshipped idols under the arch-Druids and Druids, and by a strange coincidence Patrick reached the hill on the eve of their great annual celebration. An edict had gone out that no fire was to be lighted on the day of celebration until the arch-Druid first lighted his beacon on the hill of Tara. When Patrick and his little band arrived on the opposite hill they lay down on the green, for they had no shelter, and awakened before daylight, and immediately proceeded to light a fire. This was observed from the opposite hill. The Court was alarmed, and gazed in horror at this fire on the opposite hill. A troop of soldiers was sent to arrest the culprits, and Patrick and his little band were taken and brought before the Royal Court, where it was demanded of him that he explain his conduct. He immediately broke forth and told them that there was only one God, the Creator and Sovereign Lord of heaven and earth and of all things; he told them how that God consisted of three divine persons, the Father, the Son and the Holy Spirit, and how the Father had sent the Son to assume human form and suffer and die on the Cross for the sins of the world. They listened in rapt attention, but were unable to grasp the idea that there could possibly be Three in One. Patrick used all his oratorical and persuasive ability without success, and almost in despair he dropped his eyes. There at his feet he beheld the little shamrock. He stooped, plucked it, held it up and said "O King, nature has come to my aid; in this simple form it is shown how it is possible to have Three in One.

They bade him go on preaching; and he continued until finally he had converted, baptized and Christianized the whole nation of Ireland.

Is it any wonder that Irish men and women throughout the world love and revere that dear little shamrock, the emblem of their faith and of their country? Or that on this day, when every Irish man and woman throughout the world goes to divine worship in the early part of the day, they reverence their beloved St. Patrick? In many places today the Irish will hold parades, celebrations, banquets and festivities of all kinds, and they will look with loving eyes back to the land of their forefathers. They will tell the story of the exile who, returning after many years, looked from the deck of his ship towards Ireland and, seeing the first glimpse of it in the early morning, raised his voice and said:

O' Ireland, isn't it grand you look,
With the sun your hill-tops adornin'.
With all the pent-up love in me heart
I bid ye the top of the mornin'

Yes, and at gatherings they will sing of the glories of Brian the Brave:

Let Erin remember the days of old
'Ere her faithless sons betrayed her
When Malachy wore the collar of gold
Which he won from the proud invader;
When her kings, with standards of green unfurled,
Led the Red branch knights to danger,
'Ere the emerald gem of the western world
Was set in the crown of a stranger.

Still others will sing *Aileen Allanah, Kathleen Mavourneen, Wait for Me at Heaven's Gate, Sweet Belle Mahone,* and *Dublin's Bay;* they will sing of the mountains of Mourne that look down to the sea, and *Danny Boy* to the *Londonderry* Air; they will sing *Galway Bay,* and:

With deep affection
And recollection
I often think of
Those Shandon bells:
Whose sounds so wild would
In days of childhood
Fling 'round my cradle
Their magic spells.

On this I ponder
Where'er I wander,
And thus grow fonder,
Sweet Cork, of thee:
With thy bells of Shandon,
That sound so grand on
The pleasant waters
Of the river Lee.

Again the thoughts of Irish men and women will go back to that beautiful vale which gave inspiration to the immortal bard, Thomas Moore, who penned the lines:

There is not in the wide world a valley so sweet
As that vale in whose bosom the bright waters meet;
Oh! the last rays of feeling, and life must depart,
'Ere the bloom of that valley shall fade from my heart.
Sweet vale of Avoca! how calm could I rest
In thy bosom of shade, with the friends I love best,
Where the storm clouds we feel in this cold world should cease,
And our hearts, like thy waters, be mingled in peace.

Others still will look back and think of the Lakes of Killarney:

Where angels fold their wings and rest
In that Eden of the blest,
Beauty's home, Killarney.

As Irishmen and women throughout the world celebrate today the feast of their patron saint, they will, I am sure, take great pride in telling the story of how Ireland got its name. If I may have the indulgence of the house, I will try to put the story to music.

Hon. Senators: Hear, hear.

Hon. Mr. Quinn: This is how it goes:

Have you ever heard the story of how Ireland got its name?
If you listen you will understand from whence old Ireland came.
No wonder that we love that dear old land beyond the sea,
For here's the way my dear old mother told the tale to me.

Sure a little bit of heaven fell from out the sky one day,
And nestled on the ocean in a spot so far away;
And when the angels found it, sure it looked so sweet and fair,
They said suppose we leave it, for it looks so peaceful there.

Then they sprinkled it with stardust, just to make the shamrocks grow;
'Tis the only place you'll find them, no matter where you go.
Then they dotted it with silver to make its lakes so grand,
And when they had it finished, sure they called it Ireland.

Hon. Senators: Hear, hear.

The senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 18, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

TRADE AND ECONOMIC AFFAIRS

REPORT ON FIRST MEETING OF JOINT UNITED STATES-CANADIAN COMMITTEE

Hon. John T. Haig: Honourable senators, before the business of the house is proceeded with I would like to ask the honourable Leader of the Government (Hon. Mr. Macdonald) if he has any statement to make regarding the very important conference which was held this last week, in the city of Washington, between representatives of the Governments of Canada and the United States.

Hon. W. Ross Macdonald: Honourable senators, I have a copy of the joint statement which was made by representatives of both governments. I could put it on *Hansard*, or I could read it.

Hon. Mr. Haig: I think it should be read. It is not very long.

Hon. Mr. Macdonald: I will read the statement. Following is the text of a joint communique issued simultaneously in Ottawa by the Department of External Affairs and in Washington by the United States Department of State:

The first meeting of the Joint United States-Canadian Committee on Trade and Economic Affairs was held in Washington on the 16th of March. The United States was represented by: Hon. John Foster Dulles, Secretary of State; Hon. George M. Humphrey, Secretary of the Treasury; Hon. Ezra Taft Benson, Secretary of Agriculture; Hon. Sinclair Weeks, Secretary of Commerce.

Canada was represented by: Rt. Hon. C. D. Howe, M.P., Minister of Trade and Commerce, and Defence Production; Rt. Hon. James Garfield Gardiner, M.P., Minister of Agriculture; Hon. Douglas Charles Abbott, M.P., Minister of Finance; Hon. L. B. Pearson, M.P., Secretary of State for External Affairs.

In addition to the members of the Joint Committee, Governor Adams, the Assistant to the President, the Honourable Douglas Stuart, United States Ambassador to Canada, and Dr. Gabriel Hague, Economic Assistant to the President, participated in the discussions.

The purpose of the meeting was to provide an opportunity for United States and Canadian ministers to examine the trade and economic problems that are common to both countries.

The ministers noted that the flow of trade between Canada and the United States is greater than that between any other two countries. They discussed various aspects of present trade relations, and agreed on the desirability of avoiding any action which would interfere with this trade from which the two countries derive such great benefits.

Since the common economic problems of Canada and the United States can be solved with greatest success in a world where the volume of trade is steady and increasing and where exchange arrangements are of a kind to facilitate such growth, consideration was given throughout the discussions to the need for action towards freer trade and payments on a broad front. It was agreed that few things would contribute more to the well-being and stability of the free nations of the world than a forward move in this direction. The need for such progress seemed all the greater at a time when many western countries are faced with the necessity of supporting effective defence programs over a long period.

The United States and Canadian ministers found encouragement in many of the economic developments that have taken place over the past year. They noted that gold and dollar reserves of other countries, generally, have been rising; that there has been a marked improvement in the internal economic stability of many countries; and that these favourable developments have made possible some relaxation of import restrictions. Nevertheless, it was agreed that the recovery to economic health has not progressed equally for all countries. What is needed, it was concluded, is the creation of a more flexible system of trade and payments throughout the world which would offer greater resilience to changing circumstances and which would contribute dynamically towards rising standards of living. It was agreed that much of the necessary preparation for such an advance has already been accomplished by the work of the Commission on Foreign Economic Policy in the United States, by the proposals of the Commonwealth Economic Conference, and by discussions within the organization for European Economic Co-operation.

In the meantime, it was agreed that it is essential that pressing, but possibly temporary economic problems should not be solved by expedients which might make more difficult the advance on a broad front that was held to be necessary. One immediate problem which received close consideration was that raised by the accumulation of large agricultural surpluses. Special incentives and favourable weather conditions have operated in varying degrees to enlarge these surpluses. The ministers of both countries recognized that if surpluses were to be disposed of without regard to the impact of normal trade, great damage might be done not only to the commerce of Canada and United States, but also to the world economy. The ministers reaffirmed that it is the continuing policy of their respective governments, in disposing of agricultural surpluses abroad, to consult with interested countries and not to interfere with normal commercial marketings. They stated that it is their settled intention that any extraordinary measures that might be adopted to reduce surpluses should result in greater consumption and should augment, and not displace, normal quantities of agricultural products entering into world trade.

In advancing toward a freer system of world trade and payments, it was agreed that existing international organizations would continue to play an important role. The valuable work already done by the International Monetary Fund, the International Bank, and the Contracting Parties of the General Agreement on Tariffs and Trade, was recognized. Ministers noted with satisfaction the arrangements which have recently been made within the Fund to enable its resources to be used more effectively. Acknowledgment was also

made of the useful service that has been performed by GATT in developing a code of commercial conduct and in providing a forum where multilateral tariff agreements could be negotiated and where the problems of commercial policy could be discussed. It was appreciated that it is for countries whose currencies are now inconvertible to decide when and under what circumstances they might wish to make them convertible. It was also realized that enlightened economic policies on the part of the United States and Canada will materially contribute to establishing and maintaining broader freedom of trade and payments throughout the world. Because of the importance of that objective, the United States and Canadian ministers warmly welcomed the evidence of a desire in many countries to take decisive steps toward the restoration of a broad area of convertibility, and expressed a willingness to do their part to help in making such a movement successful.

The discussions at this meeting of the Joint Committee were marked by friendliness and candour which are characteristic of relations between the two countries. At the invitation of the Canadian ministers, the second meeting of the Joint Committee will be held in Ottawa.

THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received a communication from the Secretary to the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 5.45 p.m., for the purpose of giving the Royal Assent to certain bills.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, at this stage may I move that when the Senate adjourns today it stand adjourned until Tuesday next, March 23, at 8 p.m.

The motion was agreed to.

NATIONAL HOUSING BILL

REPORT OF COMMITTEE

Hon Mr. Beaubien (for the Chairman of the Standing Committee on Banking and Commerce) presented the report of the committee on Bill 102.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the bill (102 from the House of Commons) intituled: "An Act to promote the construction of new houses, the repair and modernization of existing houses, and the improvement of housing and living conditions", have in obedience to the order of reference of March 16, 1954, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. Macdonald: With leave of the house, I move third reading now.

Hon. Mr. Isnor: I would like to ask the chairman of the Banking and Commerce Committee whether the report just presented was adopted unanimously.

Hon. Mr. Beaubien: Honourable senators, I presented the report on behalf of the chairman of the committee (Hon. Mr. Hayden), who is absent from the chamber. As far as my recollection is concerned, the decision to report the bill without amendment was unanimous.

Hon. Mr. Haig: Yes, that is correct.

Hon. R. B. Horner: Honourable senators, in view of that I wish to make a few remarks before this bill receives third reading. We heard some very interesting evidence in committee, and I must say right away that Mr. Mansur, President of Central Mortgage and Housing Corporation, was an excellent witness. He was very co-operative and attempted to answer all questions that were asked him. I gained the impression that the committee would have liked him to continue for another two or three hours discussing other interesting points in connection with this important bill. In the debate on second reading my leader (Hon. Mr. Haig) made such an excellent speech in denouncing this legislation from stem to gudgeon that I expected he would at least have proposed some amendments in committee. However, the committee have now reported the bill without amendment.

Incidentally, during his speech here my leader rather astonished me, for he is not a boastful man, by making a sort of boast that he would take a back seat to no one in knowledge of values of houses and land. I hope he had in mind only building land in cities, for if he was including farm lands he was taking in altogether too much territory.

I may be all alone in my views on this bill, and it may be that they are wrong, but I am in duty bound to express them. Mr. Mansur's evidence certainly indicated to me that by this new housing program Canada was embarking on an undertaking somewhat inflationary in nature. We were told in committee that in the last four years houses of the type contemplated by the bill had advanced $2,000 in cost of construction. That is significant.

I am opposed to the principle of a man being under any kind of bondage. We talk about proper standards of living and other things, but I am not convinced that all the children who come from mansions turn out well and those who are reared in overcrowded log cabins turn out badly. As a

matter of fact, indications pretty well are that those who were raised in little homes are the people who fill the responsible positions in life today. And they are the ones who keep out of jail.

This legislation seems to be an entirely new departure. I derived great pleasure from making my home and adding to it as the years went by, but I do not know whether that will be the case with those who avail themselves of this legislation. However, the remarks I wish to make on that will be more properly made when we are considering the amendments to the Bank Act.

Honourable senators, I want to register my disapproval of the bill. I am opposed to this type of legislation, and, specifically, to the passing of the bill in its present form. At the committee I asked Mr. Mansur whether, if the banks found that all the funds they wished to lend could be placed in a security guaranteed up to 98 per cent, the result would not be to reduce the amount available for individuals who needed loans to carry on their business; and the best answer I could get from him was that Mr. Towers, the Governor of the Bank of Canada, did not think that that would happen. Well, unfortunately Mr. Towers' knowledge in banking matters has not been gained on the same side of the counter as mine; his experience as a customer is very limited indeed.

Having made these few remarks, I repeat that I object to the bill, even though I may do so alone.

Hon. John T. Haig: Honourable senators, in view of what has been said by the honourable senator from Blaine Lake (Hon. Mr. Horner), probably I should say a word or two. I am opposed to the bill, not for the reasons he has given, but because it will not do what its sponsors say it will do. No amendments to the bill which I could have moved in committee would have changed it. What we ought to do is to encourage a type of housing which can be rented at prices that people can afford to pay. The proportion of the population which still requires houses and is economically able to buy them is very small indeed, and it is amply protected by existing legislation. The difference between a deposit of $2,000 and of $1,400 is too small to change the situation materially. I emphasize that the real difficulty is in the case of people who cannot afford to buy a house of any kind. I have suggested remedies for this condition, but I have no power to make any motion which calls for an expenditure of money; and this my honourable friend from Blaine Lake knows as well as I do.

Let me reiterate that my view of the bill is unchanged. I do not think it will do any good at all to the class of people who need assistance in regard to housing. Except for the bank loan feature I can see no difference in principle between this bill and the existing law. If we were to reject the bill, a man who wanted to build a house would still be free to pay a certain percentage of the cost in cash, and would have a period of twenty years or so in which to repay his mortgage loan. What is now proposed, and what I object to, is the diversion of bank savings to mortgage loans. That, in my opinion, is fundamentally objectionable. Yesterday, when I was asking questions in committee, I inquired what would happen, when a default occurred, other than that the manager would have to take proceedings right away. Mr. Mansur made what I must admit was a very sensible reply, that under regulations now in force, and valid until they are changed, action to cancel mortgage loans immediately upon default would not be compulsory. The lender, which might be the bank, would communicate with the Central Mortgage and Housing Corporation, who would advise whether in their opinion foreclosure proceedings should be taken. The bank, if advised to take proceedings, must do so if it wishes the government to continue its guarantee on the mortgage loan. On the other hand, if the bank is advised that proceedings should not be taken against the borrower, its mortgage will continue to have the backing of the government. That is something about which I was alarmed. As a member of the Senate, and not as a member of any political party, I always try to do my best to improve legislation that comes before this house, by trying to see that it is made as reasonable as possible, and that it will do what it proposes. If in committee I have insufficient support to carry an amendment I might make, then I endeavour to have the witnesses give a clear explanation as to how specific sections of the bill will be administered.

The original draft of the regulations which Mr. Mansur mentioned did not give the borrower a fair chance. They provided that foreclosure proceedings had to be taken within so many months, and that the banks were compelled to take them whether they wanted to or not. The Leader of the Government (Hon. Mr. Macdonald) has suggested that this action would not be compulsory, but a representative of the banks made it quite clear in committee that my view was right. He further said that, while he did not like the overall legislation, he felt that an improvement had been made. Speaking as a lawyer, I would say that my objection to the mechanics of the bill has been removed. I am, of course, opposed to banks lending

money on mortgages, and I think I have already made this point abundantly clear. It was impossible for me to have anything changed as to this matter, but I think our Banking and Commerce Committee was wise in having Mr. Mansur outline exactly what the regulations, as approved by the minister, will contain.

Hon. Mr. Lambert: That is right.

Hon. Mr. Haig: I think the Senate committee should be commended for obtaining this statement from Mr. Mansur. I have little doubt that in any event the government would have administered the regulations that Mr. Mansur outlined but now it has been publicly stated just what will be done.

I can appreciate the remarks of the honourable senator from Blaine Lake (Hon. Mr. Horner), and I must say that I agree with much of what he has said. For one thing, I certainly know that many of our best citizens were raised in humble homes. But that is not the issue here. We are trying to provide homes for those who need them, but unfortunately I do not feel that this or any other legislation can fully achieve this end. The Good Book says we shall always have the poor with us. For this reason we shall never be able to provide homes that all Canadians will be able to afford. This proposed new Housing Act does not solve the problem of providing living accommodation for all classes of our people, but I think my suggestion would.

I am sorry that I was not in the chamber when the Leader of the Government (Hon. Mr. Macdonald) closed the debate on the second reading of this bill. As honourable senators know, there was in Ottawa this week a certain political convention, which I was supposed to attend. I missed putting in an appearance during the first two and a half days of the convention, and I had to show up once if I wanted to be recognized as a Conservative. May I say to the leader that the housing project in Winnipeg about which he spoke was not turned down by the ratepayers of that city; the provincial government simply refused to put up their share of the capital. Their attitude was that this project should involve only the City of Winnipeg and the federal government, and that if the federal government put up 75 per cent of the money the city should put up the remaining 25 per cent.

Hon. Mr. Beaubien: Was there not a vote on this issue in Winnipeg?

Hon. Mr. Haig: No, there was no vote. I am not criticizing the provincial government, for had I been a member of the legislature I would have supported their stand.

Hon. Mr. Macdonald: Was there not a by-law in the city of Winnipeg on which a vote was taken?

Hon. Mr. Haig: No. Many votes have been taken on housing matters in Winnipeg, but this was something new.

Honourable senators, I am still opposed to this legislation, for I do not feel that it is going to achieve what it proposes. At the same time I do think the Senate committee was wise in having a declaration made before it on the question of foreclosure.

Hon. W. Ross Macdonald: Honourable senators, I do not wish to enter into the controversy between the honourable gentleman from Blaine Lake (Hon. Mr. Horner) and his leader in this house (Hon. Mr. Haig). They no doubt will settle their differences; we have enough troubles of our own.

Hon. Mr. Haig: I think so.

Hon. Mr. Macdonald: I merely wish to say it has been amply proven to at least the vast majority of the members of this house that the savings of Canadian citizens held in banks, when invested in these mortgages, will have excellent security behind them, that of the Government of Canada. As I said in my remarks when moving the second reading of this bill, there is no better security than that in the whole wide world.

The honourable gentleman from Blaine Lake remarked that many fine Canadian citizens have come from log-cabin homes. We all agree with that observation, and some of us, while not coming from log cabins, have not come from mansions. I do not believe, however, that there is one member of this house who thinks that Canadians of the present and coming generations should be reared in log cabins. We want to give our people the best possible homes. We want our Canadian families to live in good homes and happy surroundings, and to enjoy as many modern conveniences as possible. This is the goal towards which this legislation is aimed. We are not living in log-cabin days, and we do not want to turn back to those times. We must be realists. We are living in the year 1954, under improved conditions which our fathers helped to bring about, and we want to continue improving them.

The Leader of the Opposition has said that this legislation will not provide homes for a certain class of our people. While that is true as to people who are unable to provide the down-payment or set aside 23 per cent of their wages towards meeting monthly payments, it will improve housing conditions in Canada. More houses in Canada will mean more opportunity for people who rent to obtain homes. When there is a scarcity of

houses people bid not only for houses to buy, but also for houses to rent, and under those circumstances rents naturally go up. If because of this legislation more houses are made available for rent, the people will benefit.

The honourable Leader of the Opposition (Hon. Mr. Haig) does not think the legislation will work; but some of us do think it will work. At any rate, it will be in effect for at least a year, and we shall see what happens in that time. The honourable gentleman said the banks were not enthusiastic—he did not use that word, but I think that is what he meant—about the legislation. However, he will recall that the President of the Bankers' Association said the banks were not opposing the legislation; he also said, in effect, that the banks are prepared to give it a fair trial. I ask this house to give the bill third reading now, and let the government give it a fair trial.

The Hon. the Speaker: Honourable senators, the question is on the motion of the honourable Senator Macdonald, seconded by the honourable Senator Lambert, for third reading of Bill 102. Is it your pleasure to adopt the motion?

Some Hon. Senators: Carried.

Hon. Mr. Haig: On division.

Hon. Mr. Horner: On division.

The motion was agreed to, and the bill was read the third time, and passed, on division.

DIVORCE PETITIONS

REPORT OF COMMITTEE

Hon. Mr. Howden (for the Chairman of the Standing Committee on Divorce) presented the committee's reports Nos. 340 to 348, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Golding (for the Chairman of the Standing Committee on Divorce) presented the following bills:

Bill Y-12, an Act for the relief of Gerald Emile La Grave.

Bill Z-12, an Act for the relief of Rita Boucher Dufort.

Bill A-13, an Act for the relief of Lucy Halga Saunders Gibson.

Bill B-13, an Act for the relief of Antonie Lutz Jedrzejewski.

Bill C-13, an Act for the relief of Jessie Clarke Thompson.

Bill D-13, an Act for the relief of Dorothy Coughtry Paquette.

Bill E-13, an Act for the relief of Isabel Ruth Smith Newey.

Bill F-13, an Act for the relief of Eugene Clifford Carbonneau.

Bill G-13, an Act for the relief of Jean Antoine Francois Armand.

Bill H-13, an Act for the relief of Maria Clara Anita Cauchon Quirion.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Golding: With leave, next sitting.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, the Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

An Act to promote the construction of new houses, the repair and modernization of existing houses, and the improvement of housing and living conditions.

The House of Commons withdrew.

The Right Honourable the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, March 23, at 8 p.m.

THE SENATE

Tuesday, March 23, 1954

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

EMERGENCY GOLD MINING ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 376, an Act to amend the Emergency Gold Mining Assistance Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

EXPORT AND IMPORT PERMITS BILL

FIRST READING

A message was received from the House of Commons with Bill 374, an Act respecting the export and import of strategic and other goods.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

FIRE LOSSES REPLACEMENT ACCOUNT BILL

FIRST READING

A message was received from the House of Commons with Bill 377, an Act to establish an account for the replacement of government property lost, destroyed or damaged through fire.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Howden (for the Chairman of the Standing Committee on Divorce) presented the committee's reports Nos. 349 to 371, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

NATIONAL HARBOURS BOARD BILL

FIRST READING

Hon. Mr. Macdonald presented Bill I-13, an Act to amend the National Harbours Board Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

PRIVATE BILL

EASTERN TELEPHONE AND TELEGRAPH COMPANY—FIRST READING

Hon. Mr. Isnor presented Bill J-13, an Act respecting Eastern Telephone and Telegraph Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Isnor: Thursday next.

OPIUM AND NARCOTIC DRUG BILL

FIRST READING

Hon. Mr. Macdonald presented Bill K-13, an Act to amend the Opium and Narcotic Drug Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

NORTH ATLANTIC TREATY ORGANIZATION

INQUIRY AS TO DISTRIBUTION OF REPORT

On the Orders of the Day:

Hon. Mr. Reid: Honourable senators, I would like to bring a matter to the attention of the honourable leader of the Senate (Hon. Mr. Macdonald). From information received it would appear that the five-year report of NATO will soon be ready for distribution, and that copies will be forwarded by that organization to the Department of External Affairs. I believe this will be an interesting report, and as I am not sure whether provision has

been made for distribution of copies to members of the Senate I would suggest to the honourable leader that he see to it that distribution is made to us.

Hon. Mr. Macdonald: Honourable senators, I shall endeavour to obtain the report, and if I am able to get it in sufficient numbers I shall see that it is distributed to members of this house.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Golding (for the Chairman of the Standing Committee on Divorce) moved the second reading of the following bills:

Bill Y-12, an Act for the relief of Gerald Emile La Grave.

Bill Z-12, an Act for the relief of Rita Boucher Dufort.

Bill A-13, an Act for the relief of Lucy Halga Saunders Gibson.

Bill B-13, an Act for the relief of Antonie Lutz Jedrzejewski.

Bill C-13, an Act for the relief of Jessie Clarke Thompson.

Bill D-13, an Act for the relief of Dorothy Coughtry Paquette.

Bill E-13, an Act for the relief of Isabel Ruth Smith Newey.

Bill F-13, an Act for the relief of Eugene Clifford Carbonneau.

Bill G-13, an Act for the relief of Jean Antoine Francois Armand.

Bill H-13, an Act for the relief of Maria Clara Anita Cauchon Quirion.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Golding: With leave, I move the third reading now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Honourable senators, this evening five bills have received first reading. Three of these bills have come to us from the House of Commons, and the other two have been initiated in the Senate. Of course, under our rules we cannot proceed with the second readings at this sitting, and as we have no further business on the Order Paper I would move that this house do now adjourn.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 24, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine Proceedings.

OPPOSITION MEMBERS ATTENDANCE

On the Orders of the Day:

Hon. Mr. Haig: Honourable members, before the Orders of the Day are proceeded with, I want to call the attention of the house to the very fine work by the Whip of our party (Hon. Mr. Quinn). Every member of the Conservative Party is in his or her place in the house.

Hon. Mr. Macdonald: There is nothing unusual about that.

Hon. Mr. Haig: It is very unusual; it has not happened for several months.

NATIONAL HARBOURS BOARD BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill I-13, an Act to amend the National Harbours Board Act.

He said: Honourable senators, this is a bill to amend the National Harbours Board Act, which came into effect in 1936 and by which, as honourable senators will recall, the regional boards in charge of various national harbours throughout the country were replaced by the National Harbours Board. The National Harbours Board Act is now Chapter 187 of the Revised Statutes of Canada, 1952.

This bill is not of any primary importance and involves no general principle. As happens in bills which we from time to time receive from the various departments of government, this measure contains a disconnected series of amendments to various sections of the act which have been found necessary in practice, or which are advisable for the purpose of clarifying certain existing sections. I shall go through, if I may, the principal changes which the bill proposes to the act as it now stands.

Hon. Mr. Haig: May I ask the honourable gentleman whether it is his intention, after the bill receives the second reading, to move that it be referred to a committee?

Hon. Mr. Hugessen: I would think that course should be followed.

Hon. Mr. Haig: Thank you.

Hon. Mr. Hugessen: The first thing that the bill does is to extend two definitions in the present act. It extends the definition of "owner" to include the carrier, or the consignee or the bailee of goods, the reason for this amendment being that often the board, when it has goods in its possession, finds itself not dealing with the actual owner of the goods but with the consignee. It also extends the definition of "vessel" to include a seaplane while on the water in one of the harbours of the board.

The second thing which the bill does is to permit the appointment by the Governor in Council of a temporary member of the National Harbours Board to replace a permanent member of the board who has been assigned to other duties. That situation actually arose during the war when one of the permanent members of the National Harbours Board was assigned to other duties in connection with the war effort and it was necessary to appoint a temporary successor. In the event that such a contingency should arise again this amendment will provide the necessary authorization.

Hon. Mr. Roebuck: What is the story behind it now? That sort of amendment is not made unless there is a purpose behind it.

Hon. Mr. Hugessen: I do not think there is any purpose behind it; I think the amendment is just for the purpose of making it possible to appoint a temporary member in case a permanent member should be seconded for other duties. I do not know the story behind it.

Hon. Mr. King: During the war the appointment of a temporary member was made under the War Measures Act.

Hon. Mr. Hugessen: Yes, it was made under the War Measures Act on that occasion, and in future it can be made under this statute, if this amendment passes.

The third thing which the bill seeks to do is to confer on the board a rather unusual power, namely, the power to appoint constables for enforcement of the act within the area of the harbours under the board's jurisdiction.

Hon. Mr. Quinn: Is that not in effect now? Does the Harbours Board not appoint its constables at present? I know it does so in Halifax.

Hon. Mr. Hugessen: I was about to explain. Honourable senators will realize that it is necessary to have a considerable number of constables employed in connection with the operation of harbours. At the present time

they have to be sworn in as special constables of municipal or provincial police forces or of the R.C.M.P., but under this amendment the board itself will have the right to appoint them. In the Railway Act there is a similar provision, under which the railways are empowered to appoint constables with authority within a designated area of railway property to carry out duties related to enforcement of the Railway Act. I must say, honourable senators, that this power to appoint police constables, which is contained in section 3 of the bill, is a rather unusual one in a number of respects. First of all, the language is perhaps a little wider than it might be, in so far as it appears to give those constables power in relation to the protection of other property of Her Majesty than that belonging to the board. That, I think, may be a matter which we shall have to discuss in committee. There is also a rather unusual power given to constables so appointed by the board: they are to have authority in any place not more than fifty miles distant from the property under the administration of the board. That is an unusual provision, and I think the Senate will have to be satisfied in committee as to the necessity for it. There is a third respect in which this power to appoint constables appears to be somewhat unusual. Under subsection (2) of the proposed new section 4A it appears that a police constable so appointed may take any person, charged with an offence under the act, before any court, whether that court had jurisdiction within the area in which the offence was committed, or not.

Hon. Mr. Reid: That is somewhat unusual.

Hon. Mr. Hugessen: I point out these things to honourable senators as matters which, I think, should be discussed in committee and in respect of which proper explanations should be had from departmental officials before the bill is passed in its present form—if passed it be.

The next matter relates to the powers of the National Harbours Board to have work carried on without tender. Under the present act, any work which the board wishes to have done must be carried on after public tender, provided the cost is to be $10,000 or more. The bill before us increases this limit from $10,000 —which, bear in mind, was fixed in the year 1936—to $15,000; and I direct the attention of the house to the fact that in this respect it corresponds to a similar amendment which was made to the Public Works Act in 1951.

The bill also provides that no contract for work in excess of $15,000 shall be awarded by the board without the approval of the Governor in Council, except in one case. That is where public tenders have been called, where two or more tenders have been received and the work has been awarded to the lowest tenderer, in which case the limit is increased to $50,000. I should perhaps explain that this provision brings the practice of the board in respect of the awarding of contracts into line with contract regulations made under the Financial Administration Act.

As so often happens in bills of this kind, the power of the Governor in Council to make by-laws under the act is extended in various ways. First of all, power is given to make by-laws clarifying the right of the board to purchase and sell property other than land. There appears to be some doubt under the act as it now stands whether the National Harbours Board has power to purchase supplies and materials and to sell scrap, waste, and so on, without getting specific authority from the Governor in Council upon each occasion. This amendment will permit the Governor in Council to make by-laws under the act authorizing the Harbours Board to purchase and sell property other than land.

The bill would also empower the Governor in Council to pass by-laws permitting the Harbours Board to restrict its liability for damage to property under its care, in cases where it is felt that the liability should be restricted. For instance, the board may grant permission to bring explosives into a harbour, or it may accept highly perishable goods in storage. In such cases the board should have the right to contract with the owner of those materials that it will not accept liability for any damage occurring to the property while under its care.

Hon. Mr. Roebuck: Is that power not now vested in the National Harbours Board?

Hon. Mr. Hugessen: Apparently not. This is to establish beyond dispute the right of the Governor in Council to permit the board to exercise such power.

The Governor in Council would further be authorized by the bill to make by-laws governing the transportation, handling and storing of explosives and other dangerous substances on property belonging to private individuals under the jurisdiction of the board. The board has this authority now with respect to dangerous goods on its own property, and it is proposed to extend this authority to such goods on private property within harbour areas and under the jurisdiction of the Board.

Hon. Mr. Roebuck: The right to do what?

Hon. Mr. Hugessen: The right to restrict or to make regulations with respect to the transporting, handling and storing of explosives and other dangerous substances.

Hon. Mr. Roebuck: Does it limit the board's liability?

Hon. Mr. Hugessen: No, it authorizes the Governor in Council to make regulations with respect to the handling and storage of explosives and other dangerous materials on privately owned property under the jurisdiction of the board.

Hon. Mr. Isnor: Does not the board now have jurisdiction over all property, private and otherwise, within any harbours in which it operates?

Hon. Mr. Hugessen: I am informed that as the act now stands it is doubtful if the board has the right to prevent explosives from being stored on private property within a harbour area, and that this amendment is designed to make it quite clear that it will have that right in future.

Another clause in the bill provides for extension of the board's lien on goods in its possession, for storage and other charges. As the act now stands, the board has a lien for board charges incurred in respect of those particular goods only. In practice that has been found unsatisfactory when applied to the large-scale warehousing operations conducted by the board. The proposed amendment gives the board a general lien enforceable against any of the goods of a debtor to the board, whether the debt was incurred in respect of those specific goods or not.

The provisions for seizure and for the sale of goods subject to the board's lien for unpaid charges are clarified. An amendment provides that where such goods have been seized, the board's charges shall not continue to accrue for a period of more than thirty days.

The next amendment is designed to remedy a rather curious anomaly. Under the present act a violation of a by-law passed under the act constitutes an offence, whereas a violation of the act proper does not. The existing section 22 of the act is repealed and replaced by a proposed new section 22, which provides a penalty for contravention of either the act itself or any by-law enacted pursuant to its provisions.

A section in the present act deals with the estimated annual budget the board is required to submit to the Minister. That section is deleted, and by its removal the National Harbours Board automatically becomes subject to the general provisions of the Financial Administration Act relating to crown corporations. Under that act crown corporations are required to submit budget estimates every year to the minister to whom it is their duty to report, and these estimates have to be approved jointly by that minister and the Minister of Finance.

A number of other provisions in the bill, mostly of minor importance, are inserted for the purpose either of clarification or better draughtsmanship. For instance, elaborate provisions in the present act relate to the seizure, detention and sale by the board of vessels and goods, in various contingencies. Those provisions have been entirely rewritten, but there is no material change in substance.

Hon. Mr. Reid: May I draw the honourable senator's attention to the new section appearing at the bottom of page 6:

> 20 (1) The board may sell, with or without advertisement or call for tenders, as the board deems expedient, the whole or any part of any goods seized—

That is surely a very far-reaching provision.

Hon. Mr. Hugessen: The powers proposed there do not vary much from those given under the present section 20 (1), which provides that:

> The board may sell at public auction or by private tender the whole or any part of the goods seized—

If there are any further questions on that point they should be raised in committee. I was about to suggest that if the house should see fit to pass the second reading, the bill should be referred to the Standing Committee on Transport and Communications.

Hon. Mr. Kinley: Under the bill would "goods" include ships? I should hardly think so.

Hon. Mr. Hugessen: No, "goods" does not include ships. These definitions are given in the act:

> "Goods" includes all personal property and movables other than vessels.

And:

> "Vessel" includes any ship, boat, barge, raft, dredge, floating elevator, scow or other floating craft.

And as I mentioned a few minutes ago, the bill amends the definition of "vessel" to include "seaplane on the water".

Hon. Mr. Reid: Why is the word "seaplane" used in that particular paragraph, while in other parts of the bill the word "aircraft" is used?

Hon. Mr. Hugessen: To what parts of the bill does my friend refer?

Hon. Mr. Reid: To various parts; for instance, in subsection 2 of section 6 of the bill there appear the words "on vessels or aircraft". I think you will find "aircraft" mentioned three times.

Hon. Mr. Hugessen: That may well be. I cannot explain the discrepancy except to point out that when we talk about a vessel we

refer to it as something that is floating on the water; a seaplane, for instance, floats on the water, while an ordinary aircraft does not. That is the best explanation I can give my friend.

Hon. Mr. Macdonald: The definition section would appear to cover that point.

Hon. John T. Haig: Honourable senators, I do not intend to discuss at any length the details of this bill. I have gone over the legislation, and have come to the conclusion that it involves no change in principle. The bill consists of a series of minor changes, and for that very reason we should pay close attention to their effect.

The tendency is all too prevalent for crown companies to take onto themselves more extensive power, and to leave less power in the hands of the public. Therefore, I think we as Senators have a serious obligation to scrutinize this bill closely when it is at the committee stage.

I am entirely in accord with anything that would make our Harbours Board more efficient, so that it can better protect the public; but I am also in favour of the public being given some protection against further loss of its power to government corporations.

Honourable senators who come from such provinces as New Brunswick, Nova Scotia, Quebec, Manitoba and British Columbia, all having within their boundaries one or more important harbours, will naturally be very interested in this bill. I notice that an honourable senator from Montreal is smiling. That harbour has for some time been blocked with grain, while the harbour in my province is receiving grain.

Hon. Mr. Kinley: Blocked with ice.

Hon. Mr. Haig: It is still receiving grain. I was pleased to hear the honourable senator who explained the bill (Hon. Mr. Hugessen) suggest that it be referred to committee. We in this chamber are better qualified than the other body of parliament to scrutinize amendments of this character and to see to it that they are properly framed to do what they are intended to do, and nothing else.

Hon. Arthur W. Roebuck: Honourable senators, I fully agree that this bill should receive most careful study in committee. At the moment I am not in a position to pass judgment on its various clauses, but I compliment the honourable gentleman from Inkerman (Hon. Mr. Hugessen) upon the impersonal and impartial way in which he has placed the bill before us.

I am rather horrified by the proposed new section 4A (2), carrying the marginal note "Powers of police constables". As that affects the liberty of the subject, this house should be particularly careful to see that an accused person is given all the protection he requires in the circumstances. As I read the new section, a policeman appointed under this law could arrest a man in Toronto for some act or omission contrary to the regulations or the law, and take him to Halifax for trial; or, arrest a man in Montreal, and take him to Toronto for trial. Subsection 2 of that section concludes with these words:

> . . . the court shall deal with such person as though he had been taken and as though the act or omission had occurred within the area of the court's jurisdiction.

In other words, this measure would extend the jurisdiction of the magistrate's court, or some higher court, beyond the boundaries of the province, to try somebody from a distant place. Such a principle is, to say the least, extraordinary; indeed, the Criminal Code provides that a man shall be tried in the jurisdiction where the offence is committed. The code is a little indefinite. It says that an accused person shall be tried where the offence is committed or where he is arrested. In other words, a man arrested in Montreal may be tried in Montreal, although the offence has been committed elsewhere. The idea that a man charged with having committed an offence in, say, Halifax, could be taken to another jurisdiction, and that the court in that jurisdiction should have power to try him, is so extraordinary that I am curious to know what the departmental officials will say in justification of such a proposal. However, we shall hear all about it in committee.

This is a type of legislation with respect to which the Senate has a peculiar function to perform, namely, to make certain that the rights of the individual are not infringed upon by those to whom infringement of rights seems most attractive. I am sure we all agree with the honourable Leader of the Opposition (Hon. Mr. Haig) that there is in this bill enough to make us vigilant to see that no part of it escapes our closest scrutiny.

Hon. Mr. Haig: Hear, hear.

Hon. John J. Kinley: Honourable senators, the honourable gentleman who explained this measure (Hon. Mr. Hugessen) suggested that it should receive our attention in committee. I agree with that suggestion, but I also think it is a good thing to discuss a measure of this importance in the house. After all, there is a certain educational value in what appears in *Hansard* and is distributed through the country. Unfortunately, what is said in committee is not always reported, and therefore very little is heard of it. The result is that most of our work,

which takes place in committees, is not given the publicity which modern business and public affairs require. For that reason, I think it is a good thing to debate this measure on second reading.

The honourable Leader of the Opposition (Hon. Mr. Haig) said, in effect, that in his experience in political life he has found that those responsible for the administration of government departments are always looking for an easy way to make their administration efficient, and that they are not too particular about the liberty of the subject. In my own experience I have found that not to apply to any one in particular, but it has been the trend. In other words, the trend has been for officials to take unto themselves power so that they can do things efficiently and arbitrarily.

With regard to the question of explosives, I can well see that with the increase in the use of explosives and that sort of thing, protection must be given against any danger from the handling of these substances in an area to which the public have access.

As to the appointment of constables by the Harbours Board, I think that we are all pretty well agreed that something must be done to protect property and persons along the waterfronts. On the New York waterfront a disturbance has been going on recently between unions and port authority as to who is the bargaining agent for the dock workers and who should load the ships, and this has caused many ships to be tied up in that port. That situation has brought forcibly to our attention how important it is for a harbour authority to have a police force to promote law and order in the operation and carrying out of the work in the harbour under its jurisdiction.

Many of the amendments proposed in this bill are salutary; they provide for changes that are needed. It seems to me, however, that the bill should go to committee, and that there we should look very carefully into the effect that certain proposed amendments would have on individuals and their rights. We have a function to look after the rights of the individual and the rights of the minority, and we should take care to see that no drastic law is passed which might override the rights of the people through providing officials with an easy way of performing their duties. Such a law is always a cause of irritation and usually is not for the public good. We are told on excellent authority that the least government is the best government.

Hon. Gordon B. Isnor: Honourable senators, before the bill is given second reading I would like to say a few words in regard to the remarks made by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). Let me say first of all, however, that I am certainly not going to pose as an expert on legal interpretation of statutes. I am wondering only whether the honourable senator's interpretation of the section regarding constables is made in the light of practical consequences.

The enlarging of the area to be covered by the constables will bring about a great improvement so far as the port of Halifax is concerned. At the present time they have jurisdiction over the immediate property of the National Harbours Board, which is located in the ocean terminals at the south end of our city, but which, properly speaking, extends to the extreme north of the harbour, perhaps a distance of six or seven miles. In addition to that, there is private property over which the National Harbours Board, I feel, at present has no jurisdiction, and I am very pleased to learn that the bill proposes greater authority for the constables in this regard.

As I read the last few lines of that particular section, it would appear to me that a magistrate who may be called upon to deal with a complaint has jurisdiction to deal with it only if it arises in his own particular area. It would certainly be strange to think that a proceeding of that kind could be transferred from, say, Toronto to Halifax, or from Montreal to Vancouver. As a layman I would hesitate to pit my judgment as to the meaning of those lines against the good judgment of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), but I still feel that a common-sense interpretation of the provision would lead one to think as I do.

I am pleased to note that the bill proposes to extend the jurisdiction of National Harbours Board constables to a fifty-mile distance from property administered by the board. I think it is only right and proper that jurisdiction should be given over vessels coming into and approaching the ports. From time to time cases arise in Halifax, in connection with incoming ships over which there is no harbour police jurisdiction—even up in Bedford Basin, a distance of eight or ten miles.

Hon. Mr. Vien: Would the honourable senator allow me to draw his attention to the fact that under this bill it is proposed to give jurisdiction to magistrates in the area within which the property is located, irrespective of the place where the act or the omission complained of occurred. Let us suppose that an illegal act or omission concerning certain goods occurred in Halifax and that subsequently the goods were located in Montreal: then the person alleged to have committed that offence in Halifax could be called upon

to defend himself in Montreal. That is against all the fundamental principles applying to such matters, and that is the point which the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has raised. I think that point is worthy of serious consideration.

Hon. Mr. Isnor: Honourable senators, again a very brilliant member of the legal profession has given us his interpretation of the section, and I certainly would not offer my layman's opinion against that of the learned gentleman.

Hon. Mr. Vien: I simply wanted to draw the honourable senator's attention to what might happen under this wording.

Hon. Mr. Isnor: I still feel that action has to be taken in the area in which the crime or offence was committed.

I am very glad to see that the bill makes a change whereby the board's budget must be submitted to the Minister of Finance and approved in the same way as the budgets of government departments are. I am also pleased to note that the bill would require all accounts of the National Harbours Board to be audited by the Auditor General. I have always taken the stand that that procedure should apply to all agencies of the government.

I feel it would be most appropriate to have this bill referred to the Standing Committee on Transport and Communications, so that a few differences of opinion may be ironed out. The point raised by the honourable senator from New Westminster (Hon. Mr. Reid) in regard to the proposal that seized goods may be sold without tenders being called for, should be looked into very carefully and discussed in committee with the distinguished senator who presented the bill. There are other points which may be open to criticism, but I feel that if this proposal were given effect to it would bring on criticism. My suggestion on this is that the procedure followed by the Canadian National Railways in similar situations should be adopted.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hugessen, the bill was referred to the Standing Committee on Transport and Communications.

DIVORCE PETITIONS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of reports Nos. 349 to 371 of the Standing Committee on Divorce, dealing with petitions for divorce.

Hon. Mr. Howden, for the chairman of the committee, moved that the reports be concurred in.

The motion was agreed to, on division.

PRIVATE BILL

BALOISE FIRE INSURANCE COMPANY OF CANADA, LIMITED—FIRST READING

Hon. Mr. Vien presented Bill L-13, an Act to incorporate Baloise Fire Insurance Company of Canada, Limited.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Vien: With leave, next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 25, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

PRIVATE BILL

TRANS-CANADA PIPE LINES LIMITED—REPORT OF COMMITTEE

Hon. Mr. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill S-11.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the bill (S-11) intituled: "An Act respecting Trans-Canada Pipe Lines Limited", have in obedience to the order of reference of March 16, 1954, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Bouffard: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, I move that when the Senate adjourns today, it stand adjourned until Tuesday next, March 30, at 8 p.m.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill M-13, an Act for the relief of Elsie Elizabeth Belford Grant.

Bill N-13, an Act for the relief of Jean Monette.

Bill O-13, an Act for the relief of Pearl Mary Brown Pratt.

Bill P-13, an Act for the relief of Annie Holman James.

Bill Q-13, an Act for the relief of Marie Paule Lemay Mondello.

Bill R-13, an Act for the relief of Marilyn Lesley Simpson Lavallee.

Bill S-13, an Act for the relief of Edith Lorraine McBurney Robinson.

Bill T-13, an Act for the relief of Aline Gosselin du Berger.

Bill U-13, an Act for the relief of Eileen Lucy Tollett Power-Williams.

Bill V-13, an Act for the relief of William Pappas.

Bill W-13, an Act for the relief of Claire Labelle Cousineau.

Bill X-13, an Act for the relief of Denise Marie Helene Laporte Woodhouse.

Bill Y-13, an Act for the relief of Lois Helena Kearns Higham.

Bill Z-13, an Act for the relief of Dorothy Rita Wade Moulden.

Bill A-14, an Act for the relief of Albert Thornton.

Bill B-14, an Act for the relief of Koidula Laigma Hagel,

Bill C-14, an Act for the relief of Yvette Lafontaine Tatos.

Bill D-14, an Act for the relief of Freda Becker Blumenthal.

Bill E-14, an Act for the relief of Monica Elizabeth Benoit Mullin.

Bill F-14, an Act for the relief of Felix Andre Landry.

Bill G-14, an Act for the relief of Marie-Claire Parisien Barbeau.

Bill H-14, an Act for the relief of Marie Muriel Gladys Lena Soubre Dubour.

Bill I-14, an Act for the relief of Joan Millicent Kemp Tessier.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

NORTH ATLANTIC TREATY ORGANIZATION

ANSWER TO INQUIRY AS TO DISTRIBUTION OF REPORT

On the Orders of the Day:

Hon. Mr. Macdonald: Honourable senators, may I say, in reply to a question which was asked on Tuesday evening last by the honourable senator from New Westminster (Hon. Mr. Reid), that a report is being prepared respecting the five years' operations of NATO. The North Atlantic Treaty was signed on April 4, 1949, and it is expected that a report will be ready for distribution some time in

April. I have been in touch with the Department of External Affairs and have received what amounts to almost an assurance that the Senate will be able to obtain sufficient copies of this report to permit a general distribution to honourable members.

Hon. Mr. Reid: I am very pleased to hear that. A custom has developed which has the effect of placing honourable members in a secondary position through having to ask civil servants for copies of certain documents which we should receive as a matter of right.

OPIUM AND NARCOTIC DRUG BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. F. W. Gershaw moved the second reading of Bill K-13, an Act to amend the Opium and Narcotic Drug Act.

He said: Honourable senators, I must first thank the honourable Leader of the Government (Hon. Mr. Macdonald) for the honour he has done me in asking me to explain the proposed amendments to this Act.

The purpose of the Opium and Narcotic Drug Act is to provide a means by which certain narcotic drugs can be made available for medical and scientific purposes, and—chiefly—to eliminate as soon and as completely as possible the improper use of these drugs. Everyone who has realized the effect of addiction on the ordinary individual, physically, morally, mentally, and the misery that it brings to his family and relatives, will be anxious to see this traffic completely discontinued.

The object of the two main amendments of the act which are before us is to make opium and certain of its derivatives available for legal-medical purposes. No one will question the value of these drugs to suffering people. They are used in surgery, they are employed to ease pain in cases resulting from accident and other things, and they make life a little easier and a little happier for people who suffer from incurable cancer and other malignant diseases.

As regards the first amendment to which I will draw attention, namely, the proposed new section 5 of the act, experience has shown that certain cough mixtures and some mild analgesics are not dangerous from the addiction standpoint. At the present time, to procure some of these cough medicines or mild analgesics, the patient has to go to a doctor, who is required to make out a prescription on which must appear the name of the patient, the name of the drug, the quantity required, the date and the doctor's signature; and upon that prescription the supply cannot be repeated. It is felt that this requirement, as respects some of these mild mixtures, is unduly rigid, and it is now proposed that a druggist may dispense such drugs by verbal telephone order from a medical man. Of course, only small quantities of drugs, mixed with other ingredients, and intended as a remedy for a cough or some other minor affection, may be dispensed in this way.

The second amendment to which I wish to refer is the proposed repeal of section 4 of the act and the substitution of new section 4, which deals with illegal possession of drugs and trafficking in them. This amendment is really of great importance. I may say that during recent years much progress has been made by officers of the Department of National Health and Welfare in suppressing this traffic. They are of opinion that the traffickers are the chief offenders, and from that point of view this amendment has, you might say, established a more severe penalty for the crime. It is directed towards the detection and conviction of those found guilty of distributing and selling narcotic drugs for which they have no licence. In this connection it can be said that harshness has no place, but at the same time provision must be made for penalties for illicit possession and illicit distribution of narcotic drugs. I read just yesterday that the present method of handling these people is a compound of folly, futility and brutality, but I do not feel these words apply here at all. If people were allowed to have these drugs in their possession either for their own use or for sale, and not be subject to punishment, many addicts from other countries would come to Canada. The new section 4 of the act makes a distinction between a person who has drugs in his possession for his own use and a person who has drugs in his possession for the purpose of trafficking. It is sometimes very difficult to distinguish between the two. For instance, a police officer who finds a quantity of drugs on a man's person or in his room or in his car may have difficulty in determining whether or not the man has them for the purpose of trafficking.

During the years 1951 to 1953, inclusive, 1,062 convictions were made under this act. Of these, 990 were for illegal possession, and the remaining 72 for possession and distribution. However, in many of the cases where drugs were found to be in illegal possession, they also may have been meant for distribution.

I should like to set forth the law under the present section 4 of the act, and also that under the amendment. Under the present section a person who has no right to have

drugs and yet manufactures, sells, gives away or distributes drugs is liable to punishment. On summary conviction he may be imprisoned for a term of six months or up to eighteen months. He can be fined not more than $1,000, and at the discretion of the magistrate he can be whipped. If convicted under indictment for a more serious offence, he may be imprisoned for a term anywhere from six months to seven years. He must be fined at least $200 and he can be whipped at the discretion of the judge.

The new section changes that to some extent. It removes monetary penalties altogether, because it has been found that those people do not pay the fines imposed. It also removes the discretionary power to order whipping, except for trafficking or possession for trafficking. Further, it provides that every person found in illegal possession of any drug is liable upon indictment to a term not exceeding eighteen months and not less than six months. The "six months" is retained. Why? Because the convicted person is taken away from drugs for at least six months. I know it has been said that he can get drugs in jail; probably he can, but not very often; and we know that some who have fortitude and will-power are cured after six months detention in jail. However, the fellow who is caught selling or trafficking in drugs is much more severely dealt with. He can be imprisoned for a period up to fourteen years, and the judge may order him to be whipped. A great deal is left to the discretion of the judge.

A minor change is proposed in respect to the punishment of those who grow any opium poppy or *Cannabis Sativa*. Some of this is grown through ignorance of the law by foreigners who like to sprinkle the seeds on their buns; but there must be provision for punishment, because the opium might be grown for a commercial reason. Under the present law the minimum term of imprisonment that may be imposed is six months. The bill removes this minimum and provides that upon summary conviction a person may be sentenced to imprisonment for a term not exceeding eighteen months; and upon conviction on indictment, to imprisonment for a term not exceeding seven years.

Honourable senators, this act and the traffic it aims to control are of great human interest. A narcotic drug addict can hardly get along without the drug. It brings him tranquility, a gentle peace; his troubles disappear, and his mind wanders over fields of happiness and sunshine. But very soon the effect wears off, his restlessness returns with its accompanying misery, together with a terrible craving for the drug, and he will do almost anything in order to obtain it: he will sacrifice position, money, friends and family, or anything he has, in order to get the drugs.

Hon. Mr. Euler: May I ask my friend a question? Are the drugs named in the bill?

Hon. Mr. Gershaw: Opium derivatives are named.

Hon. Mr. Euler: They are named?

Hon. Mr. Gershaw: Yes, they are referred to.

I have spoken of the two principal amendments. There are some further consequential amendments, just to bring the changes into operation. The chief amendment is aimed at strengthening the hands of the police officers, particularly for the purpose of stopping trafficking in drugs. Fabulous sums of money are involved in this illicit business, and the percentage of profit for those engaged in it is very high. The peddling is done through a chain of individuals, each of whom takes his share of profit, and a drug that sells legally for $12 may bring as much as $5,000 or $8,000 when sold to addicts. An addict pays $3 to $5 for one capsule, and he may take as many as fifteen capsules a day. In order to get the necessary money to pay for these drugs, men and women resort to underworld practices, thievery, and all that kind of thing. It must be stated that many of these people have no homes; they drift from place to place and live from hand to mouth; they are often unstable and insecure persons, with records of juvenile delinquency, and are themselves the product of broken homes and unfortunate social conditions.

The amendments in the bill do not cover the entire field, because it is not yet clear what more effective steps can be taken at present to bring about the desired results. There are treatment centres located in various places in the United States, such as Lexington and Fort Worth, but no statistics as to the extent of their success are yet available. In Vancouver and throughout British Columbia, where there are a great many drug addicts, a concentrated effort is being made to survey the situation; a committee has been set up, and its members have already visited Lexington and other treatment centres. It will hear witnesses testify on the drug question, and its report will no doubt contain material which should be incorporated in a more complete revision of the act.

Suggested cures go all the way from complete quarantine to supplying drugs to registered addicts. The results have not been uniformly successful in any place. Practical treatment of the problem would seem to require the acquisition of an institution big enough to hold Canada's 3,000 drug addicts

under strict quarantine. Some of them would have to stay there for life; some would go out apparently cured and revert to the habit; but others, with the assistance of the John Howard Society, might throw off the vicious habit. I do feel, however, that the treatment of these unfortunate people extends over a wide field. The hope of preventing children and young people from starting the habit lies in better home conditions, better education, social conditions and food, and the dangers of the habit should be impressed upon them through health education and welfare care.

Hon. Mr. Horner: I should like to ask a question of the honourable senator who has explained the bill (Hon. Mr. Gershaw). I read in the press recently an article by a writer who had interviewed a drug addict. The writer pointed out that in England the method of handling the drug habit is quite different from our method. He went on to say that over there drug addiction is treated as an illness instead of a crime. I wonder whether the honourable senator from Medicine Hat (Hon. Mr. Gershaw) has read that article, and if so, what comment he has to make on it?

Hon. Mr. Gershaw: Honourable senators, I have read the article to which my honourable friend refers, and I based some of my remarks upon it.

I would point out that in England the drug problem is not as serious as it is here. I have made inquiries about their so-called system whereby an addict can go to a certain place and get an injection for a few cents, and I am informed it is extremely doubtful if such a system is really in operation and if it produces the results which the writer of the article claims for it.

Hon. Nancy Hodges: Honourable senators, I listened with a great deal of interest to what the honourable senator from Medicine Hat (Hon. Mr. Gershaw) had to say on the question of the treatment of drug addicts. I am tremendously interested in this question, because of the fact that for a very long time women's organizations in British Columbia have been greatly concerned about the increase in the number of drug addicts, and particularly about the increased use of drugs among the younger people of the community. That it is not just a nebulous fear. That the drug traffic is increasing has been more than proved in the last few days by reports from Vancouver on the situation which has arisen there or has recently come to light concerning the terrific addiction in that city. A member of the Royal Canadian Mounted Police, an officer who has been engaged in this particular branch of police work for some years, estimates that there are more than a thousand addicts on the streets of Vancouver at all times, and another five hundred in jail for various offences. He also says that no comparable statistics on addiction in other cities are available; but the fact that his force of twenty men is double the size of any other Royal Canadian Mounted Police drug detachment in Canada speaks for itself.

At another point in his report the same officer, whose experience has made him an authority on the subject, says that dealing with drug addiction is like working in a bowling alley—you knock one pin down and another pops up. He then asks: Why does the drug traffic flourish, despite the concentrated efforts of police forces all over the world to stamp it out? The answer to that is easy, he says, because it is the highest-paid form of crime today. Figures that he gives differ just a little from some given by the honourable senator from Medicine Hat (Hon. Mr. Gershaw). The officer says that one ounce of heroin with its various adulterations, which would cost $13 to buy legally, is worth $4,000 on the illegal market.

I mention these things to show that illicit traffic in narcotic drugs is more than an academic question on the west coast of this country, and we feel that the time has come to use stronger measures against it than are being used at the present time. That is why I rise to speak on this bill. I am in thorough agreement with the proposed steps to care for addicts, because I think those unfortunate people deserve not only our compassion but our help in every way possible. They are victims of circumstances which we more fortunate people do not understand.

I am glad to see that whipping has been removed from the punishment meted out to convicted addicts, but I do feel, honourable senators, that the bill does not go far enough yet in dealing with the higher-ups in the drug traffic. I am not speaking of the ordinary drug peddler on the street, bad though he is—and incidentally, I am glad to see that whipping is retained as part of the punishment for a convicted drug peddler. Although I am a woman, I think the infliction of the lash, or what is euphemistically called a spanking, upon a drug peddler is nothing when compared with the damage or injury he does to the victims of his nefarious trade.

I do think we should provide more severe punishment for the higher-ups in the drug traffic, those men who sit rather like bloated obscene spiders spinning a vile web in which to lure and enmesh the innocent victims of their bestial trade. I feel very strongly that nothing in this act is sufficient to deal with these people. The honourable senator from

Medicine Hat (Hon. Mr. Gershaw) suggested that harshness should not be used towards them. It seems to me we cannot deal harshly enough with those who are at the head of this terrible traffic in human lives. After all, they are potential murderers of men's souls, and in my estimation their crime is infinitely worse than the homicide of an individual. You may think, perhaps, that my words are a little strong. If so, I would commend to your attention a book called *Murder Incorporated*, written by Burton Turkus, and published in New York in 1951. It is not fiction, it is not a "whodunit"; it is an exposé of organized crime, organized rackets, fully documented from official records, by a former United States attorney. He reveals the dreadful, the almost incredible ramifications of such rackets as the illegal traffic in drugs. Higher-ups like Lucky Luciano, whose name is brought up in connection with the Vancouver situation—whether rightly or wrongly, I do not know—are indicted in this book. When you read what this book says about the extent to which this bestial traffic is carried and its effect on human lives, on human souls, you may agree that we have got to go further than just mete out prison sentences and a whipping as punishment for persons convicted of trafficking in drugs on a large scale. I want to make it quite clear that I am now speaking of the higher-ups, the men who make millions from this bestial traffic. I would even go so far as to say that capital punishment should be provided in the Criminal Code for those convicted of such trafficking.

In my estimation, a person who murders one individual is not in the same category at all as these people who are responsible not only directly, but indirectly as well, for many murders. And you have only to read *Murder Incorporated* to realize how many murders are committed by drug addicts who are temporarily insane through being deprived of their drugs. We in Vancouver know, and in fact it has been demonstrated from police reports there, that the drug traffic amounts to an annual business of well over seven million dollars in the form of prostitution, organized vice, organized crime of various descriptions. As a matter of fact, mere figures can never tell the full story of the terrible business these people do. I do feel very strongly, honourable senators, that if hanging is ever justified at all, it is certainly justified in the case of these people whom I call the higher-ups. If we ever catch any of them, I do not think that a jail sentence would be sufficient; in fact I think that even hanging would be too easy a punishment for them.

Some Hon. Senators: Hear, hear.

Hon. Mrs. Hodges: I have no more to say honourable senators, but I did want to put before this house my point of view, as a woman, on this bill.

On the motion of Hon. Mr. Reid, the debate was adjourned.

EXPORT AND IMPORT PERMITS BILL

SECOND READING

Hon. James A. MacKinnon moved the second reading of Bill 374, an Act respecting the export and import of strategic and other goods.

He said: Honourable senators, it was my privilege to introduce legislation on this subject, in the first place, in the House of Commons in 1947. Before that date, the export and import control which was exercised was derived from authority contained in the Emergency Powers Act. The existing legislation will expire on July 31 of this year, and by this bill it is intended to permit continuance of the government's present powers of export and import control.

With regard to exports, the purposes of controls are found in section 3 of the bill. With regard to imports, section 5 gives details of the operation of this legislation.

It is probably not necessary to discuss the importance of controlling strategic materials which might find their way into the hands of a potential enemy. These materials are controlled to some extent by international agreements and international co-operation. An example of this is the United Nations resolution whereby Canada, along with other members, enforces an embargo on the shipment of arms, ammunitions and military material to Communist China. As a result of our friendly relations with the United States we enjoy complete freedom from the operations of their export control, but we undertake to control the export of goods originating in the United States to prevent Canada being used as a back door through which United States export controls can be evaded.

In conjunction with our allies—the United States, Great Britain and other members of NATO—we have a real interest in ensuring that no strategic materials find their way behind the Iron Curtain. One of the great problems faced by us, however, is not so much how to control the initial export of these materials from Canada, but how to exercise control in such a way as to ensure that the goods are not diverted in transit to destinations other than those originally indicated. The real purpose of this legislation is to plug any holes through which such diversions might occur.

That is not an easy matter. For example, a reliable Canadian concern might order ball-bearings through an agent in Canada who represents himself as acting for an important and well-known German manufacturer. The first shipments would arrive satisfactorily and the business connection would be continued. Then, by degrees, orders are fulfilled in part only, and delays in deliveries become longer. Finally, it is discovered that, through the activity of the agent here and some intermediary between Germany and Canada, sizeable quantities of bearings have been diverted, en route, to behind the Iron Curtain. This is the type of incident which the bill is intended to prohibit.

Included in a list of strategic materials would be arms, ammunition and implements of war; non-ferrous metals, minerals and chemicals in primary or manufactured forms, and in fact anything that might be used in war industries. Nickel, copper, lead, aluminum, asbestos, as well as automatic machine tools, large generators and turbines, chemical plant and aircraft, are in this class of material.

The controlled items referred to in this legislation are determined in consultation with other governments. We with them are resolved not to supply machinery, for instance, to a country which is ready to exploit these items for other than peaceful means, nor would we be justified in shipping such materials to a country which would be unwilling or not able to control re-exports of the material received from us.

The permit application requires a detailed description of the goods; its quantity and value; the United States content must be disclosed, also the port of exit from this country and the destination. In addition, to ensure delivery to the designated port, import certification and delivery verification were instituted. This practice confirms delivery to only the *bona fide* foreign purchaser and helps to make impossible the diversion of Canadian strategic materials to unintended quarters.

We have, of course, to be particularly careful in Canada to see that goods coming to us from the United States or other countries do not get into the wrong hands and that this country is not used as a base for unscrupulous trading by undesirable foreign agents. The case of diversion which I mentioned earlier illustrates the importance of maintaining the tightest possible control on these materials. Such diversion may be accomplished by cargo being re-routed on land or re-manifested aboard ship, by trans-shipment in part, by re-shipment from bonded warehouse, or by re-export from the importing country.

This legislation provides machinery to avoid these practices.

Export controls have in the past been removed from commodities as soon as the situation allowed. The list of commodities controlled has been reduced from 407 in 1948 to 184 in 1953, and although the volume and value of our external trade have increased vastly during the same period, the number of licences issued has been reduced from 113,094 in 1948 to 26,635 in 1953.

With the implementation of tighter controls made possible by this legislation relating to the control of intransit diversions, we shall be able to relax licensing requirements on shipments to almost all countries outside of those dominated by the Soviet Union. Our aim will be, as in the past, to keep to the minimum the number of commodities requiring this control.

In addition to the control of strategic materials, we must control the export of certain items because of supply reasons. This, of course, includes atomic materials which remain under strict export control.

The control of imports is largely the same as that set out in the present legislation, except that the purposes for which import control may be exercised include specific authority "to implement an inter-governmental arrangement or commitment". This change is necessary to define powers required to carry out arrangements with other governments, particularly the United States. It is readily understandable that we control our imports at the request of a foreign government, particularly the United States, rather than leave it to them to impose export controls on shipments to this country.

I propose to move, if this bill receives second reading, that it be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Reid: The honourable senator has described the type of goods that will be included in the Export Control List. Could he tell us something about the goods that will be included in the Import Control List?

Hon. Mr. MacKinnon: At the present time only one item is under import control, and that is butter.

Hon. Mr. Horner: The honourable senator from Edmonton (Hon. Mr. MacKinnon) gave an illustration of a Canadian firm sending ball bearings to Germany, and described how sizeable quantities of these bearings could be diverted *en route* behind the Iron Curtain. I should like to ask the Leader of the Government (Hon. Mr. Macdonald) if in such a case, as a minimum punishment at least, the responsible Canadian party should not be named?

Hon. Mr. MacKinnon: If I may be permitted to reply to my honourable friend, may I say that I am not just sure what the government has in mind in this connection. This legislation provides for certain fines and penalties, but rather than merely make the name of the responsible person known I should think the government would take some other course of action.

Hon. Mr. Horner: Is it proposed to make this legislation retroactive so as to cover offences already committed?

Hon. Mr. MacKinnon: I cannot say.

Hon. John T. Haig: Honourable senators, as I am in agreement with the principle of this measure I have no intention of delaying the house, but I wish to say I have always wondered just what are strategic goods.

Hon. Mr. Crerar: Hear, hear.

Hon. Mr. Haig: It is a most difficult thing to determine. For instance, Russia has been buying sterling with gold, apparently for the purpose of enabling her to finance purchases of food from certain countries. No one knows, of course, what her real purpose is. Is it not possible that many items which we do not deem to be strategic are, in fact, very strategic? It has been reported that Russia has made inquiries about buying Canadian-made ships for commercial purposes, and in this connection somebody came up with the foolish suggestion that ships could be sold to Russia on the understanding that they would never be used in the event of war. Now, how could Canada ever hope to enforce such a prohibition? Look what happened after we sold 12 million dollars' worth of ships to China. Those vessels are now being used to transport goods from communist China to the Viet Minh communist troops who are fighting our French allies in Indo-China.

Has any departmental official ever described how it is determined what is and what is not a strategic material? Everyone knows that guns, airplanes, cannons and war machinery are classified as strategic goods, but there are many other items which could be placed on the list. In 1951 many countries started to buy and stockpile huge quantities of copper, zinc and lead.

Hon. Mr. Horner: And rubber, oil and cotton.

Hon. Mr. Haig: Yes. I should like some departmental official to tell us in committee on what basis strategic goods are determined as such. If we are told that the determination is a matter of government policy, then let the person responsible for this policy make an appearance before the committee. The world is going through precarious times. There is much uneasiness in Europe, and some European countries cannot decide whether to endorse an agreement which would place German troops in the European Army now being raised for the defence of Western Europe. That attitude by France is difficult for us to understand. And just yesterday Italy announced a similar attitude, threatening that she would not co-operate unless she is given full control of Trieste. It is impossible to satisfy France, for we cannot hope to defend the free world without the help of German arms. That is a pretty hard statement to have to make. It might be argued that we could defend ourselves by using the hydrogen bomb, but the effects of the recent explosion of such a bomb were so awesome that I do not believe we shall ever resort to its use.

Hon. Mr. MacKinnon: With all due deference to the Leader of the Opposition (Hon. Mr. Haig), I think he has moved away from the subject-matter before the house. Section 3 of the bill provides that 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 a number of purposes. These purposes are set out in the bill, and cover the list that will be made up by the various governments meeting in, I think, Paris.

Hon. Mr. Haig: What standards will be used to make up the list? I am entitled to know this.

Hon. T. A. Crerar: Honourable senators, there are two attractive features about this bill. The first is that the bill is not a series of disjointed amendments to existing legislation, such as our honourable colleague from Medicine Hat (Hon. Mr. Gershaw) just had to deal with in moving the second reading of Bill K-13, an Act to amend the Opium and Narcotic Drug Act. This legislation is complete in itself, and I venture to suggest that this is an immense advantage to a layman such as myself for it enables one to get an intelligent understanding of what the bill means.

The other attractive feature about the bill, to me, is that its term expires in three years, that is, by July 31, 1957. No one in his senses would deny the need for controlling the export of strategic materials, as they are described. The term "strategic materials" is given a very wide connotation today. A few minutes ago, the Leader of the Opposition (Hon. Mr. Haig) asked for a list of strategic

materials, and our colleague the honourable senator from Edmonton (Hon. Mr. MacKinnon) who, I thought, explained the bill very well, replied that they are defined in section 3 of the bill. But section 3 is pretty wide in its scope. You will note that it specifies as strategic materials:

. . . arms, ammunition, implements or munitions of war, naval, army or air stores or any articles deemed capable of being converted thereinto or made useful in the production thereof—

I am bound to say that I do not know how wide that definition is; but I should think that food, for instance, is an article that would be useful in the production of the strategic materials mentioned. If my interpretation is right, the section extends to a very wide range of articles. I am not finding fault with that, but I think it is important for us to realize that this bill grants very wide powers, and, in many respects necessarily so.

Section 5, which provides for the control of imports into Canada, says:

The Governor in Council may establish a list of goods, to be called an Import Control List, including therein any article the import of which he deems it necessary to control for any of the following purposes, namely,—

What are the purposes? They are set out in paragraphs (a), (b) and (c). I do not quarrel with paragraphs (a) and (c). Honourable senators will bear in mind that this measure is designed to control the export of strategic materials to countries behind the Iron Curtain, in the general definition of that term. Paragraph (b) states that the Governor in Council may establish a list of goods, to be called an Import Control List, for any of the following purposes:

(b) to implement any action taken under the Agricultural Prices Support Act, the Fisheries Prices Support Act, the Agricultural Products Co-operative Marketing Act or the Agricultural Products Board Act, to support the price of the article or that has the effect of supporting the price of the article.

If I interpret that correctly, it means that if we have an article on which there is a price support in Canada—

Hon. Mr. Haig: Butter.

Hon. Mr. Reid: Yes, butter.

Hon. Mr. Crerar: Yes, let us take cheese or butter as an illustration. This bill, whose main purpose is to prohibit the export of strategic materials into the Iron Curtain countries, empowers the department under the section just quoted, to establish a list of prohibitions on imports, if in the judgment of the powers that be such imports interfere with the prices of articles that have price support. Quite frankly, I think that is mixing up strategic materials with other things in a manner that should not be approved. At any rate, it is a point upon which I hope we shall get some information when the bill goes to committee.

The other powers conferred by the bill, it seems to me, are quite reasonable. I am wholly in sympathy with the purpose and intent of the bill as stated by our colleague the honourable senator from Edmonton (Hon. Mr. MacKinnon); since surely we must be careful about exporting such things as uranium, copper, lead, and a multiude of other materials that can be used for the effective prosecution of a war.

Hon. Mr. Lambert: What about barley and oats?

Hon. Mr. Crerar: I should think this measure is wide enough in construction to include barley and oats.

Hon. Mr. Lambert: It is of wide construction now.

Hon. Mr. Crerar: One of the things I object to is that the powers conferred by the bill are much wider than are necessary for the control of export of strategic materials, and I wish to make an observation that is general in its application. Ever since the outbreak of the Second World War there has been a tendency to grant powers to the executive which, fifty years ago, parliament would not have thought of granting.

Hon. Mr. King: That is because of changed conditions.

Hon. Mr. Crerar: No, I do not think it is because of changed conditions entirely. It started during the first war.

Hon. Mr. King: Yes, that was when conditions changed.

Hon. Mr. Crerar: But the two wars are over. It is true that in time of war it was convenient and necessary for the government to legislate upon matters that it did not need to bring before parliament. The War Measures Act was operative during the Second World War. Since then we, and certainly parliament, have believed that emergencies existed, and wide controls have been granted to the administration. One can see that in a dozen pieces of legislation which parliament has passed. All I am now saying, honourable senators, is that this is a matter of very considerable importance, because it is quite possible to get democratic people habituated to this kind of legislation. Speaking in a general sense, it is vitally important that the individual units in a democracy have always before them a clear and conscious understanding of, and a confidence and belief in, the value of freedom and liberty.

Before concluding my remarks I should like to say something about the question of penalties. I of course agree that the penalties should be stiff, and I have no doubt the proposals in that respect are proper. Further, I realize that it is almost impossible to prevent the movement of goods, even strategic materials, to areas behind the Iron Curtain. For instance, an exporter in Canada may in good faith sell to an importer in Sweden a product classed as strategic material, and the Swedish importer may surreptitiously, or in some fashion, get it behind the Iron Curtain. Such a movement of goods is extremely difficult to prevent, for there are always some people willing to violate a law if they think they can get away with it and make a profit.

Section 20 of the bill makes it an offence—and here again I am in difficulty because of my unfamiliarity with legal interpretations—for any person to knowingly take part in any action that might lead to strategic goods reaching areas behind the Iron Curtain. If the exporter in Canada, of which I spoke a moment ago, suspected that, for example, the ball bearings that he was shipping to Sweden were going behind the Iron Cutrain, and if, in the wording of that section, he fails "to exercise due diligence to prevent the commission of such an offence", he is liable to a penalty. What is meant by "due diligence"? I confess I do not know. If a charge under this legislation becomes the subject of a court proceeding, I presume an interpretation will be made by the judicial authorities.

Before I resume my seat, honourable senators, let me make my position quite clear. I am not opposed to this legislation; indeed, I think it is necessary legislation. I simply have attempted to draw the attention of the house to a few of the features of the bill which I think we should have clearly in mind before we give it second reading.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. MacKinnon, the bill was referred to the Standing Committee on Banking and Commerce.

PRIVATE BILL

EASTERN TELEPHONE AND TELEGRAPH COMPANY—SECOND READING

Hon. Gordon B. Isnor moved the second reading of Bill J-13, an Act respecting Eastern Telephone and Telegraph Company.

He said: Honourable senators, the bill now before us would amend the act of incorporation of the Eastern Telephone and Telegraph Company, which was passed in 1917. The authorized capital stock of the company at the date of incorporation was $10 million, divided into shares of $100 each. In 1929 all the stock was acquired by American Telephone and Telegraph Company; therefore, this company is a wholly-owned subsidiary of the American Telephone and Telegraph Company.

At the time of the acquisition of the stock by the American company, it was intended to construct a single-panel telephone cable; but in 1931 the project was suspended, and since that time Eastern Telephone and Telegraph Company has remained inactive. Consequently, the company's act of incorporation was amended by a special act of parliament in the session of 1931, by which the company was authorized to reduce its capital by by-law, a copy of which was to be filed with the Secretary of State.

More recently a four-party agreement was entered into to bring the Eastern Telephone and Telegraph Company into active operation. On November 27, 1953, an agreement was effected between Her Majesty's Postmaster General in the United Kingdom of Great Britain and Northern Ireland, American Telephone and Telegraph Company, Canadian Overseas Telecommunications Corporation, and Eastern Telephone and Telegraph Company. The agreement provided for the construction, at a cost of approximately $35 million, of a cable extending from Oban, Scotland, to Clarenville, Newfoundland, thence to Sydney Mines, Nova Scotia, and by radio relay from Sydney Mines to Portland and New York. This plan has been approved, and arrangements have been entered into to finance the construction.

I want to be as brief as I can, honourable senators, but I think it is important to note that it is becoming more and more necessary to have a submarine telephone cable communication system serving the United States, Canada and Great Britain. It is with this in mind that the three countries have agreed to lay this submarine cable which, by the way, will contain thirty-six circuits and will provide for the carrying on of thirty-six conversations at the same time. Communication through the cable will not be subject to the defects inherent in telephonic communication through radio facilities. I refer to the fact that radio-telephonic communication is largely dependent on prevailing atmospheric conditions.

The distance to be covered between the two mainlands, that is, between Nova Scotia and Scotland, is 2,200 miles.

The capital stock to be issued will be owned fifty per cent by American Telephone and Telegraph Company, forty-one per cent

by the British Post Office Department, and nine per cent by our own Department of Transport, represented by the crown organization known as the Canadian Overseas Telecommunications Corporation.

Section 1 of the bill provides that the capital stock of Eastern Telephone and Telegraph Company shall be five million dollars divided into shares of one hundred dollars each.

Section 2 repeals the present section 5 of the act and substitutes a new section 5, which reads:

(1) The number of the directors shall be not less than five nor more than nine, one or more of whom may be paid directors.

(2) A quorum at any meeting of the directors shall consist of such number of directors as may be required by the bylaws of the company, said number in no event to be less than one-third of the directors.

It is interesting to note that the Maritime Telegraph and Telephone Company at Halifax will be connected with the Eastern Telephone and Telegraph Company, as will the New Brunswick Telephone Company, of which my honourable friend from Northumberland (Hon. Mr. Burchill) is a director. Both of these companies will have representation on the board of directors of Eastern Telephone and Telegraph Company.

I would suggest, honourable senators, that if this bill is given second reading it be referred to the Committee on Transport and Communications. I will be very pleased to place before the committee fuller information as to financing and the terms of the agreement which I mentioned, involving the three countries, the United Kingdom, the United States and Canada, and which was signed on November 27, 1953.

Hon. Mr. Burchill: Did I understand the honourable gentleman to say that the three countries party to this agreement—the United Kingdom, the United States and Canada—are represented, in the case of the United Kingdom, by a department of government; in the case of the United States, by a private corporation; and in the case of Canada, by a Crown company? Is that correct?

Hon. Mr. Isnor: That is correct. Perhaps I should repeat. The first party to the agreement is Her Majesty's Postmaster General in the United Kingdom of Great Britain and Northern Ireland; and the third party, the Canadian Overseas Telecommunication Corporation, is a Crown corporation which comes under the jurisdiction of the Department of Transport. The other parties to the agreement are the American Telephone and Telegraph Company and the Eastern Telephone and Telegraph Company. I may say to the honourable senator my understanding is that the head office of the organization will be maintained in Halifax, Nova Scotia.

Hon. Mr. Reid: May I ask the honourable gentleman if a majority of the stock will be held in Canada?

Hon. Mr. Haig: No. He said it will be held in the United States.

Hon. Mr. Isnor: As I stated, the original bill of incorporation covered the Eastern Telephone and Telegraph Company, which was a wholly Canadian company.

Hon. Mr. Quinn: And it sold out to a company in the United States?

Hon. Mr. Isnor: It was not possible to carry on in 1917, and the company was inactive for many years. The authorized issue of stock was reduced to $75,000. Later, with a view to making it active again, it was taken over by the American Telephone and Telegraph Company, and if this bill passes that company will own fifty per cent of the stock, while the remaining fifty per cent will be divided between Canada and the United Kingdom.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Isnor, the bill was referred to the Standing Committee on Transport and Communications.

The Senate adjourned until Tuesday, March 30, at 8 p.m.

THE SENATE

Tuesday, March 30, 1954

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

THE ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received a communication from the Secretary to the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber on Wednesday, March 31, at 5.45 p.m., for the purpose of giving the Royal Assent to certain bills.

APPROPRIATION BILL No. 1

FIRST READING

A message was received from the House of Commons with Bill 391, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1955.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave of the Senate, next sitting.

APPROPRIATION BILL No. 2

FIRST READING

A message was received from the House of Commons with Bill 392, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1954.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave of the Senate, next sitting.

TELEVISION STATIONS AND PROGRAMS

INQUIRY STANDS

On the notice of Hon. Mr. Reid:

That he will inquire of the Government—

1. How many television stations are in operation at the present time?

2. How many of these stations are under the C.B.C.?

(a) How many private television stations have been established and in what cities and provinces are these stations located?

3. Of the programs put over the C.B.C.'s television station, what proportion of these programs emanate or come from the United States?

(a) What proportion of the programs emanate or come from Great Britain?

4. What has been the total cost to date of constructing and setting up the various television stations by the C.B.C.?

5. What has been the cost to date of the various television programs put over C.B.C. stations?

Hon. Mr. Macdonald: Honourable senators, I am endeavouring to get the information that has been requested by the honourable senator from New Westminster (Hon. Mr. Reid), and as soon as I have it I shall present it to the house.

The inquiry stands.

EMERGENCY GOLD MINING ASSISTANCE BILL

SECOND READING

Hon. Joseph A. Bradette moved the second reading of Bill 376, an Act to amend the Emergency Gold Mining Assistance Act.

He said: Honourable members of the Senate, I deeply appreciate the honour of having been asked by the Leader of the Government (Hon. Mr. Macdonald) to explain Bill 376, an Act to amend the Emergency Gold Mining Assistance Act, which bill was unanimously adopted in the other house. No doubt I was accorded this honour because for over a quarter of a century I had the great privilege and responsibility of representing, in another place, one of the largest and most productive centres of the gold mining industry in Canada, particularly the Porcupine section; and also because my activities have kept me in touch with most sections of northern Canada, especially in the Hudson's Bay and James Bay regions. That experience has enabled me to acquire an idea of the vast importance of mining in the so-called wide open spaces. Our newspapers and public assemblies frequently mention the Canadian wide open spaces, and they may well do so. But it must always be realized that two-thirds of the wide open spaces could never be developed agriculturally, and, in many instances, the forest resources are very limited, but possibilities of potential wealth in minerals of all kinds have been foreseen. Geologists and prospectors maintain that beneath the surface of the northern section of Canada there is a rich treasure house to be developed by the initiative and enterprise of the Canadian people. It is not my intention to enlarge on that, because it is well known by everybody in North America.

For many years I enjoyed the friendship of the late Captain Bernier, that great Arctic explorer and navigator, who did wonderful work in our far north country. He raised the Canadian ensign in many northern sections, some of them very close to the North Pole. He was very enthusiastic as to the potentially large fisheries that could be carried on in the cold northern waters, and I was particularly impressed by what he said as to the mining prospects in the so-called barren lands. Gold has been a tremendous factor in the development of Northern Canada, and it must always be borne in mind that in the Porcupine area and in other sections of the province of Quebec, most of the new mines will be developed where the land will never be densely populated. For that reason alone, the provincial governments and the federal government must realize the necessity of doing everything possible to ensure transportation and road facilities wherever needed for development. Honourable senators will remember that, only last fall, considerable publicity was given to the possibility of discovering oil in the James Bay basin. The Ontario government, through the Honourable Philip T. Kelly, Minister of Mines devoted a lot of attention to it, and prospectors and promoters have been encouraged to go there to see if oil production could be developed in that section of the province, and honest efforts at development have been assured of full assistance.

Of course, the Pre-Cambrian Shield, which extends over the greater part of Northern Canada, is well known by our geologists to contain greater mineral wealth than any other part of the world. Through the years gold, nickel, copper, silver and many other kinds of precious and base metals, have been found in that section.

I do not propose to go to any great length in asking for the support of the Senate for this legislation, because I feel the need for it is generally recognized. In my section of Ontario—the northern section, which, geographically speaking, is central Canada—we always take a very broad view of problems of other provinces, whether they have to do with maritime rights, or western freight rates. For instance, when a few years ago the parliament of Canada voted $65 million to be paid to the western grain farmers, the people of northern Ontario approved of it. They said, in effect: "The farmers of the West deserve this, because of the magnificent job they did during the war years in producing grain and selling it at a fair price to the nations allied with us in the great struggle."

This legislation was announced by the Right Honourable the Prime Minister on October 7, 1953, and honourable senators are no doubt familiar with it. The former legislation for assisting gold mines expired on December 31 last year, and the present bill provides for extension of the legislation to the year 1954; in other words, this measure would continue in force the 1953 formula for assistance to gold mines.

As has been pointed out in the other house, the problems which have faced the gold mining industry in the past still exist. I would hope that this will be the last year for which it will be necessary to extend the application of this legislation. but if the present situation does not change, assistance will have to be continued. Passage of this measure now, however, will render to the gold mining communities assistance which will enable them to plan their operations with a greater degree of certainty for this year.

Legislation of this type brings to mind the question of subsidies. Although as a matter of general principle I must say that I am against subsidies, there have been times in the history of Canada when I have felt they were absolutely necessary. That was particularly true during World War I and World War II, when subsidies were placed on many basic commodities such as—to name just a few—milk, cheese, butter, bread, tea and coffee. Yet, when the time came to withdraw those subsidies, I was glad to see them go, for subsidies have the unhappy faculty of obscuring to some extent the true value of commodities and their actual cost of production. While people are pleased when prices of goods remain constant during an emergency period, they do not bother to take the trouble to study the true picture behind the application of subsidies.

When the question of subsidies to assist the gold mining industry first came up, I was then a member of the other house, and I told that branch of parliament that, based upon the experience of the district which I had the honour to represent, existing conditions warranted assistance to the industry. It seems to me paradoxical, if not ironical, that gold, which is synonymous with wealth or opulence, should require assistance in its production. Gold is different from any other metal produced in this country. It is the only metal universally accepted for monetary purposes, and by reason of that fact it plays a major part in the national economy of many nations.

How has the price of gold fluctuated over the past twenty-four years? In 1931 the Government of Canada asked gold producers

to send all their gold to the Mint, and by the Gold Export Act of 1932 gold mining companies were compelled to comply with that request. That was done at the time when Britain went off the gold standard, and when the price of gold was just over $20 an ounce. Bear in mind that this was in the year 1932. During the period from 1930 to 1933 the average price of gold increased each year, until in 1933 it reached $28.60 an ounce. In January 1934 the United States Government proclaimed a price of $35 per ounce. This was the maximum price that Canadian purchasers could obtain, regardless of the effect of supply of or demand for gold on the world market. While all other metals and commodities have increase in price tremendously since 1941, the price of gold has remained rigidly pegged.

The stock argument used against the demand for an increase in the price of gold is that an increase would have an inflationary effect. May I elaborate on that statement for a few moments? I took it upon myself on two different occasions to go to Washington to consult some high officials of the United States Treasury about what would happen if the price of gold were to follow the upward trend of other metals. We all know how other metals have increased in price since 1940. However, the stock answer which I have received on nearly all occasions was that an increase in the price of gold would be inflationary. My reply was that while that might be so, the great increases allowed in the prices of other commodities during the same period of time were also inflationary. No one will deny that the price of steel has risen tremendously since 1940, as have the prices of copper, tea and coffee; and the prices of even our own agricultural products have gone up in some cases by more than 100 per cent. Newsprint is another product whose price has increased to a large degree. But no one can say that this general increase in prices has upset the economy of countries on this side of the Iron Curtain. True, we are now experiencing a certain degree of inflation, but I am sincerely convinced that if the United States Treasury decided to raise the price of gold by, let us say, $10 an ounce, it would not have any great effect so far as inflation is concerned. I personally believe that gold should be selling at $50 an ounce, or thereabouts, but if tomorrow its price were increased by even $10 an ounce, it would have a good effect on this country. Immediately there would open up in northern Ontario and Quebec, and in other sections of northern Canada as well, at least a hundred new gold mining centres, to be followed by other mining development. That would be a marvellous boost to our national economy at the present time.

I repeat, that if an increase in the price of gold would be inflationary, it is also true that all other price increases have been inflationary in their effect. Gold is needed in the monetary system, and in my opinion its price should follow the general trend of prices and be increased by $10 to $15 an ounce.

A few years ago the late lamented Miss Agnes MacPhail, who was then a member of the House of Commons was invited to speak at the high school commencement exercises in that very fine town of northern Ontario, Timmins. I recall that she began her speech with the remark, which was sincerely meant, that she was glad to be meeting these fine people of the gold-mining section of the province; that they were thrifty, industrious, and able to extract from the solid rock a certain amount of gold which eventually was buried in the vaults of Fort Knox, in the United States, where it was of no use. The chairman of the meeting was the mayor of the town, and it happened that his name was Mr. George Drew; I believe he was related to the present Leader of the Opposition in the House of Commons. He said in effect, "It is true that the gold which is produced in this section does not stay here; there is not sufficient room for it in our vaults. But I understand that our visitor comes from an important tobacco-growing section of our province; and that the tobacco produced is not kept there, but is sent away and turned into smoke; but the people who raise it make money out of it." What he meant was that for everything which is produced, there is some use.

Gold is the commodity which backs our Canadian dollars; it also serves a useful purpose in the International Monetary Fund, because paper money issued by the Fund must be backed to the extent of at least 25 per cent by gold. It is my understanding also that our Canadian currency requires a gold backing of from 10 to 25 per cent. I do not know what is the ratio of gold to paper in the United States, but it is well known that paper currency, unless backed by a certain amount of gold, could not be acceptable. So the statement that the gold purchased by the United States goes there to be buried is only relatively true. My information, from a source which I believe to be reliable, is that the use of gold money in North Africa, Sardinia, and southern Italy during the last war was a means of saving

the lives of many of our young soldiers. We know that at the present time the great republic to the south buys large quantities of crude oil from the Arab states, and that much of their payment is made in gold, because the Arabs will not accept paper currency.

Evidently, therefore, gold must perform a real function. Honourable senators probably noticed that only a week ago a dozen or more traders in Great Britain opened offices to buy and sell gold on the European open market.

So, if gold has a place in the world's economy, if it—rather than, for instance, wool or sheep—is necessary as the backing of the paper money of the democracies, surely it should be so priced that the producers may count upon a reasonable return. It must be recognized that for the economy of the United States the gold-mining industry has less importance than for our own or that of South Africa. But I am certain that, were the case reversed, and gold production in the United States was, comparatively speaking, as important as it is here, the price of the metal would have been increased some time ago.

I wish now to cite some facts as to the service which the gold-mining industry has given this country. Early in the last war, because of our great need for American dollars, the Canadian government requested the gold-mining industry to increase production; and although the producers had to face such handicaps as restricted supplies and shortage of equipment and of manpower, they responded magnificiently. There was no hesitation of any kind. They knew it was necessary that the country should obtain more United States dollars.

In 1942, when our government placed the Canadian dollar at par with the American dollar, our money at that time being at a discount of 10 per cent, there resulted an immediate loss of $3.50 on each ounce of gold produced in Canada. On the evening of the day the parity announcement was made by the Minister of Finance, I received a telephone inquiry from one of our larger newsprint mills, located in the centre of my riding, as to what would be the effect upon the industry. I replied that there was no need for worry, because no doubt the price of newsprint and sulphite would be increased, that it would follow the trend of other commodity prices, but that the price of gold would be stabilized; and therefore, instead of receiving $38.50, they would get only $35. I recall that my colleague from the Kirkland Lake section—whose name I believe I am in order in mentioning; it was Mr. Walter Little—was, like me, worried over the situation. I realized that the move would create some commotion, some concern, in the industry, but I felt that it was our duty to go to our respective ridings in the north country and tell our people that if the measure was good for the national economy as a whole, it should be accepted by the gold-mining industry. To their credit be it said that it was accepted with no criticism at all from the gold producers of Canada; and ever since labour and management have accomplished great things for the survival of the industry.

It should also be remembered that gold mining requires, if it is to continue to exist, constant improvements in methods of production, including the most up-to-date machinery. Any honourable senators who have visited the mines in the northern sections of Quebec, Ontario, and other parts of Canada will have seen, both on the surface and underground, large areas equipped with all kinds of machinery, but with only one or two persons in charge of a great many machines. This serves to show the extent and rapidity of the mechanization which has taken place during the past few years; and without it, many mines would not be operating today.

There is a further disadvantage from which the industry has greatly suffered. The price received for an ounce of gold not only remained the same, namely $35, in the equivalent of American dollars, but, following the premium position which our dollar attained in relation to the American dollar, the operators have constantly received inferior prices, so that, on the average, an ounce of gold yielded $34.27 in 1952, $34.45 in 1953, and was as low as $33.76 in February of last year.

Perhaps it will be in order for me to say at this stage that the existing act was given the royal assent on May 14, 1948, and put into force during the years 1948, 1949 and 1950. It was afterwards amended in 1951, 1952 and 1953; and, as stated previously, it lapsed on December 31 last.

There are only two main markets for our gold. The United States Treasury, which is practically our only outlet at the present time, accepts it at 35 United States dollars per ounce.

On the other hand, the producers may elect to sell their gold on the open market. However, a mine selling on the open market is not eligible for assistance under this act. So far this year only one mine has elected to sell on the free market, as against five in 1953 and thirteen in 1952.

Increased assistance in 1953, if continued through the present year, should be regarded as a special measure of assistance to gold mines caught between rising costs of production and a fixed mint price for their products. In this connection it must be realized that Canadian gold mines are deeply affected by the appreciation of the Canadian dollar in terms of the American dollar. For example, for the greater part of the period during which the Canadian dollar has been at a premium, our mines have received a steadily decreasing rate for their products. This legislation can be regarded as designed to compensate for these factors, and thereby to help in preserving the modern communities which are dependent on gold production. No one will deny that gold mining is a depressed industry, for the record shows that of a total of 140 gold mines operating before the war, fewer than sixty are operating today. Many of these owe their existence to the Emergency Gold Mining Assistance Act.

It must also be realized that no new lode gold mines commenced operating in Canada during the past year, whereas five Ontario mines had to close down during that period. Four of these mines had exhausted their ore, and the fifth could no longer carry out its operations economically. It is feared that two or three more mines may not be able to continue operating at a profit.

Both the volume and value of Canadian gold production declined in 1953. The total value of gold production from all mines in Canada during 1953, in round figures, was $140 million, and in 1952 it was $152 million. In 1953 production reached 4,061,205 ounces, compared with 4,471,725 ounces in 1952. In 1953, 467,356 ounces were produced in base metal mines which received no assistance, and 3,593,849 ounces were produced in gold mines.

It can also be correctly stated that an appreciable amount of the decrease in production in 1953 was attributable to mine strikes. There was a decrease in base metal production during the strike at the Noranda mines, but I say in all sincerity that it is encouraging to know that these labour disputes in the industry have now been settled. I hope that in the future the mine workers and management will be able to get together and reach a satisfactory agreement before irreparable damage is done.

During the calendar year 1953 the government paid out the sum of $8,257,112.78 in emergency assistance to gold mines. This amount was paid out to the end of December, 1953, but does not include applications for the fourth quarter of that year or hold-backs or applications not yet received. Some of these applications are now being received by the department and payments are still being made on applications for 1953. It is anticipated that the total payment for the calendar year 1953 will approximate about $15 million. Since this act came into force, the government has paid out, in round figures, nearly $62 million in subsidies to the gold-mining industry.

Although gold mining industry is carried on only in certain sections of Canada, the industry is a very important one. I am positive that the Canadian taxpayer, knowing of its importance, is not willing to sacrifice this industry, and that parliament has kept this legislation on the statute books in the last few years because the people want it kept there.

The gold mining problem concerns not only the gold mining industry, nor only the provinces having gold mines. It does not interest only the towns of Kirkland Lake, Timmins and the Red Lake section of Ontario; Malartic, Val d'Or and Duparquet in Quebec, Ogama-Rockland and Snow Lake in Manitoba, Bralorne, Hedley and Wells in British Columbia, Dawson and Yellowknife in the Yukon, and the country of the Mackenzie River. It is a problem that concerns all of Canada and all Canadians. When gold receives the same consideration in the matter of price as do other metals, it will truly be a great day for Canada, for I have no doubt that new flourishing centres of population will be established in many parts of the north country.

On March 22 Premier Frost of Ontario announced the formation of a three-man fact-finding committee to study the province's ailing gold industry. I am sure that this statement was received with welcome throughout all of Canada and particularly in Northern Ontario. This committee, which will be headed by a prominent Canadian, Professor F. A. Knox, of Queen's University, will examine and report upon the following:

1. The condition affecting the present position of and prospects for the gold mining industry.
2. The underlying trends in employment, wages, working conditions, profits and dividends in the industry.
3. The effects of these developments on communities in the northern parts of the province.

I think the criticism is unwarranted that these subsidies are for the purposes of enabling gold mines to pay bigger dividends. Investors in gold stock are fortunate to receive more than 1½ or 2 per cent on their investment. More money is lost in gold stock ventures than is made, and this has certainly been my personal experience. I should like to cite one case in point where the impression

has been created that mine owners and management try to use most of the subsidies they receive to increase their own profits. Let us take the Hollinger Consolidated Gold Mines Limited, the largest gold mine on a tonnage basis on the North American continent. Since the commencement of the system of paying bonuses, this mine has increased its wages by $16,365,527 while accepting $11,430,656 from the government in the way of emergency gold mining assistance. In other words, the mine paid out in wages nearly $5 million over and above the assistance it received from the government. I could give other similar illustrations.

I should like to take just a few minutes to describe what the mines are really doing. In very few cases have the management not always been above reproach; all in all, they have done a good job. Gold mining is not an easy enterprise. For one thing, there is no placer gold. Some bodies of ore are of such a low grade that the mine operators have tremendous obstacles to surmount before they even get started.

Practically all the mining companies provide benefits in varying degrees. I am going to enumerate some of those given by the Hollinger Gold Mines:

1. Since 1937 an employee has been able to join a medical association which provides medical services, hospitalization, surgery and certain drugs. The company pays approximately 20 per cent of the cost; the rest is paid by the employee.

2. All employees are covered by sickness and accident insurance, which plan was started in 1937. At present an employee receives $20 per week for a maximum of 13 weeks and $15 per week for a maximum of six weeks during an absence resulting from non-occupational sickness and accidents. The cost is borne entirely by the company.

3. A savings plan was started in April 1934. An employee may now deposit a maximum of $12 per period. If he does, the company will contribute $4 per month. The money is placed on deposit with an insurance company and earns interest semi-annually. The employee may draw the total accumulation on termination of employment.

4. Each employee receives from $750 to $2,250 life insurance, depending upon length of employment. The maximum is reached at the end of five years. The cost is borne entirely by the company.

5. Supplementary Retirement Payments. Under certain circumstances an employee is eligible to receive payments upon retirement which would equal the amount he and the company would have contributed to the savings plan had it been in operation prior to the year 1934. This is paid entirely by the company.

The total cost of the company contributions to these plans during 1952 amounted to approximately 5 cents per hour for each hour worked.

In the mines where the employees have chosen to bargain through a union, complete collective agreements have been signed providing for satisfactory grievance procedures and ensuring the rights of individual employees.

I am not going to enlarge on what the McIntyre Mines Ltd. has done to cure silicosis. Great work is still being done under the sponsorship of the University of Toronto. Large sums of money have been spent and remarkable strides made in that direction. Last week-end I visited the towns of Rouyn and Noranda, and on Saturday afternoon I attended a hockey match played in a magnificent arena at Noranda. The secretary told me the building cost $1,500,000. I asked him if it was paid for by the people of the two towns, and he said, "No; this fine centre of amusement was given by Noranda Mines Limited". Several instances of that kind could be cited, and if they were better known many people would realize that management and owner are not always trying to get the last "pound of flesh", but seek to co-operate with the workers and the people generally, and are interested in their welfare. The miners are familiar with these situations and appreciate them.

Honourable senators, I thank your for your very kind attention. I leave it to the opinion of the members of this house as to whether or not they desire this bill to be referred to the Banking and Commerce Committee; I am positive that all honourable senators realize the necessity and urgency of voting the continuance of this measure, and I hope the bill will be passed unanimously by this house.

Some Hon. Senators: Hear, hear.

Hon. R. B. Horner: Honourable senators, I rise not to oppose this bill, which seeks to continue subsidies to gold mines, but merely to protest a statement made by the honourable senator from Cochrane (Hon. Mr. Bradette) in the early part of his remarks. He implied that the $65 million voted by the parliament of Canada to the western grain farmers a few years ago was in the nature of a subsidy. There is no justification for saying that. Honourable senators will recall the four-year contract by which Canadian

wheat was supplied to the British market at a certain price. Although our western farmers received, I think, in the neighbourhood of a billion dollars less than the United States farmers for the same quantity of wheat shipped during those years, they never argued or complained. Because of the "have regard to" clause they were told, "Oh, yes, you will be taken care of". No one, by any stretch of the imagination, could call that $65 million a bonus; it was merely to compensate for a small percentage of what we had lost in the British market. We believed that the donating of the wheat to Britain was the responsibility of all the people of Canada, and not of the western farmers alone.

Some Hon. Senators: Hear, hear.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

Hon. Mr. Reid: Is the bill not going to committee?

APPROPRIATION BILLS

INQUIRY

Hon. John T. Haig: Honourable senators, I should like to ask a few questions before the next order is proceeded with. I have not spoken to the Leader of the Government (Hon. Mr. Macdonald) today, but from the notice of Royal Assent that was read a few minutes ago I gather that he hopes the two Supply Bills which have been given the first reading tonight will be passed and assented to tomorrow afternoon. I have had an opportunity of looking through these bills for a day or so and there are certain items I would like to ask about. If I have the permission of the house I shall ask these questions now, although I would not expect to receive the answers until tomorrow.

The Hon. the Speaker: Is it the pleasure of the house that the honourable Leader of the Opposition (Hon. Mr. Haig) have permission to ask questions on these bills at this time?

Some Hon. Senators: Agreed.

Hon. Mr. Haig: Of course, questions can be asked when the main Supply Bill is brought in at the end of the session, but the difficulty is, as we all know, that the bill comes to us two or three days before we prorogue, when it is very difficult to give it adequate attention. There are four or five questions that I should like to ask the Leader of the Government.

Referring to schedule C of Bill 391, I should like to know how much money parliament has voted prior to this year to pay the freight rates on feed grain shipped from the west to the east.

The second question I want to ask has to do with vote No. 79, which appears on the same page. I would like to know if the amount of $25 million has ever appeared before.

Hon. Mr. Macdonald: What was your first question?

Hon. Mr. Haig: The first question I asked was about the $17 million, which also appears in Schedule C, at page 5 of bill 391.

Hon. Mr. Crerar: Mr. Speaker, may I interrupt the honourable Leader of the Opposition (Hon. Mr. Haig)? He appears to be dealing with supplementary estimates.

Hon. Mr. Haig: I am asking questions on them, but not dealing with them.

Hon. Mr. Crerar: My point is that I do not have a copy of those estimates, and I do not believe any other member of the house has one.

Hon. Mr. Haig: The bills containing the estimates are probably in my honourable friend's post office box.

The Hon. the Speaker: I would remind the honourable senator from Churchill (Hon. Mr. Crerar that I asked the house if the honourable Leader of the Opposition (Hon. Mr. Haig) had unanimous consent to ask questions now which he wished to have answered tomorrow.

Some Hon. Senators: Agreed.

Hon. Mr. Haig: I am not making a speech; I am merely asking questions which I should like to have answered tomorrow. Otherwise, I shall have to hold up these bills until the questions are answered.

I have completed my questions with respect to Bill 391, and I now turn to the Bill 392. My first question has to do with vote No. 565, in the amount of $343,783, which appears at page 4 of the schedule of the bill. It is this: What amount was voted for this purpose, payments to municipalities, last year and the previous year, and is this the total amount which will be asked for this year?

With respect to vote No. 568, I should like to know whether $38 million is the total amount to be expended for that purpose this year, or will further moneys be voted?

I should like to refer next to the first two items on page 10 of the schedule of this bill, and to ask for an explanation as to why the losses were so high as to require votes of approximately $650,000 and $200,000 to

meet the deficits. I should also like to know whether these amounts include all the estimated loss under this item for the fiscal year 1954.

Those are all the questions I have to ask.

Hon. Mr. Isnor: May I also have permission to ask a question? Will the honourable leader tell me tomorrow what is the total amount that has been expended in connection with Prairie Farm Rehabilitation since the date of the inception of that legislation?

Hon. Mr. Euler: And how much has the Crowsnest Pass Agreement cost?

FIRE LOSSES REPLACEMENT ACCOUNT BILL

SECOND READING

Hon. Norman P. Lambert moved the second reading of Bill 377, an Act to establish an account for the replacement of government property lost, destroyed or damaged through fire.

He said: Honourable senators, this bill is both short and simple, and although it deals with the question of loss or damage to public property through fire, I do not think it has any hidden or undesirable implications. Its purpose is to add to the present long list of public accounts, an account in which expenditures for replacement of government property lost, destroyed or damaged through fire may be charged. Up to now no such facility has existed in our public accounting system. If a government building or property suffered damage resulting from fire and had to be replaced or repaired at once in order that important public service might be resumed as quickly as possible, the financing of the work had to be arranged in one of two ways. The department of government so affected might use some of the current appropriation included in its estimates, in which case some other planned objective would be postponed; or, the department involved might arrange to raise the money required by special warrant through the Governor in Council. Otherwise, the repair or replacement would be delayed from six to twelve months, or at least until such time as a new appropriation could be made.

This bill seeks to provide for such contingencies by setting up, under clause 5, an account to be known as the Fire Losses Replacement Account. Advances out of the Consolidated Revenue Fund provided for in clause 4 will be charged against this account. Clause 6 of the bill provides that such charges shall be deleted from this new account within the same fiscal period as the expenditure is made, if an appropriation is made available to cover the required expenditure.

If repayment within the year is not possible, clause 7 provides that all advances in a fiscal year for expenditure under clause 4, not charged against appropriations for that fiscal year, shall be included in estimates for the following year submitted by the appropriate minister, and shall be then charged against the expenditure in question. In other words, the charges will be deleted from the account to be set up under this bill, as the amounts required for repairs and replacements are attended to out of the estimates from the departments in question in the following year.

The limit of the amount represented by this account will be $5 million, as provided in clause 8 of the bill.

Clause 9 simply deals with regulations which may be made by the Treasury Board, whose duty it will be to carry out the purposes and provisions of this act.

This bill is under the sponsorship of the Minister of Finance, but its administration really comes under the Treasury Board, and any appropriate minister on the Treasury Board is mentioned in this bill as a responsible minister in relation to his department.

This legislation received scant attention in the House of Commons. There was not much discussion on it, because it was regarded as a sensible measure; but two questions were asked, the answers to which were given by the Parliamentary Assistant to the Minister of Finance, who handled this legislation. In answer to a question raised about fire prevention advice in connection with properties owned and controlled by the federal government, it was pointed out that there is an official known as the Dominion Fire Commissioner for Canada, Mr. C. A. Thomson, who is responsible to the Superintendent of Insurance; and that it is the duty of the commissioner to give advice with regard to precautions to be taken against fire hazards in public buildings, and to see that his advice is carried out by those in charge of government buildings. The second question was in connection with the administration of this account and its reporting to parliament.

The charges to the Fire Losses Replacement Account as proposed in this bill will be fully set forth each year in the annual report on Public Accounts as presented to parliament.

The legislation will provide a new and more convenient method of dealing with losses as they occur, without any unnecessary waste of time. As an example of what will be accomplished under this bill, one might refer to

the fire damage suffered by the Library of Parliament. The administration of this building comes under the Prime Minister's office, and unless there were funds available in the Prime Minister's estimates that could be devoted to the rehabilitation of the library, it would be necessary—as in this case it was necessary—to wait for a long period of time to get the estimates voted for the rehabilitation work which is now going on and which will take at least two years to finish. Under this legislation it will be possible to draw immediately on the account which will carry a maximum balance of $5 million, and any amount expended will be replaced later when the estimates for the following year are being prepared.

That is really all I need to say about the bill. I have attempted to give in brief the substance of what was said about it in the other house. I am not going to suggest that it be referred to committee unless someone wants to have that done.

Hon. Mr. Reid: Honourable senators, I have just one remark to make: that is, that this bill certainly is a step in the right direction, and one that has been long overdue. Although the bill is designed to cover fire hazards I wonder whether the word "flood" should not be added to it, because buildings can be destroyed by flood as well as by fire. I was about to suggest that if it is sent to committee that aspect might well be considered. At any rate, in the future I hope that the government will give serious consideration to providing for replacement or repair of its other property as well as buildings. I believe that this bill will serve a great need in the event of fire, but personally I would like to see it applied to damage or destruction by flood also.

In Hell's Gate canyon there are fisheries installations which cost more than a million dollars; it is quite conceivable that unprecedented floods could take them away, and we might not be able to replace them until an appropriation was voted. I think provision should be made for replacement in cases of that kind. However, as I say, this bill is a step in the right direction.

Hon. Mr. Lambert: I think the suggestion made by the honourable senator from New Westminster (Hon. Mr. Reid) is quite proper. However, I might point out that there could be damage by cyclone as well.

Hon. Mr. Reid: Yes, a building could be wrecked in that way, too.

Hon. Mr. Lambert: Up to about twenty years ago the Dominion Government carried insurance on its properties. At that time the practice was changed: the government started to do away with a great many forms of insurance that it had formerly carried, and proceeded to insure its own buildings by means of bookkeeping entries. There has never been any special account from which immediate withdrawals could be made for repair or replacement of buildings damaged or lost through fire or any other cause.

I would suggest that the bill be given second reading now, and that before it is passed the point of enlarging its scope to include these other items might be discussed with the appropriate department to see if the amendment would be in order.

Hon. Mr. Crerar: Is it intended to have the bill sent to committee?

Hon. Mr. Lambert: I had not intended to move that it be referred to committee, but I will do so if further information is desired.

Hon. Mr. Crerar: One or two matters have occurred to me in connection with this proposed legislation. To the principle I see no particular objection, but it might be useful to send it to committee where we could ascertain what, for instance, is the practice in protecting property of crown corporations. I notice by the bill that crown corporations may be brought under this legislation by a regulation of the Treasury Board. There are now a considerable number of crown corporations, and it might be useful, as well as informative, to find out whether they carry their own insurance; and if so, to what extent. Do some of them forgo insurance? I think questions of this order would be pertinent to this bill. Again, will the bill involve the setting up of a new organization for administrative purposes, or will the Department of Finance administer it? Usually, in the past, when an emergent need arose for spending money to replace structures destroyed by fire, the Governor in Council would pass what is known as a Governor General's warrant, which constituted authority to proceed with the necessary reconstruction. Of course, approval of the warrant had to be obtained at the next sitting of parliament.

I suggest that it would be both useful and enlightening to get some information on the points I have mentioned.

Hon. Mr. Lambert: I might say for the benefit of my honourable friend that property of crown companies, like any other government property, is not insured. All this information was brought out during the discussion in the other place.

Hon. Mr. Euler: What place?

Hon. Mr. Lambert: The House of Commons. No new organization is required; the administration comes under Treasury Board; and all that is involved in this bill is another simple account, with a credit limited to $5 million.

Hon. Mr. Hugessen: Why the limit?

Hon. Mr. Lambert: Well, that is the limit, because not more than $5 million will be needed.

Hon. Mr. Hugessen: I hope not.

Hon. Mr. Lambert: The explanation on this point in the other house was that the replacement of any advance from the fund would presumably take place in the same fiscal year, from the vote received by the department, or if not, in the following year; so that, the charge being deleted from the account, it would be a rotating account, to be operated in relation to the department affected by fire. The estimates for the following year would make provision for any amount which had been temporarily provided through this contingent account. The matter is purely one of bookkeeping, and it will require no increase of staff or additional organization. If the honourable senator wants any confirmation on these matters it can readily be obtained at a meeting of the Banking and Commerce Committee. The committee is going to meet, anyway.

Hon. Mr. Crerar: I certainly do not wish to delay the passing of the bill, but I recall that in one crown corporation alone—the Polymer Corporation—something between fifteen and twenty million dollars is invested. If overnight the Polymer Corporation plant were wiped out by fire and—as I gather from the remarks of the honourable senator who has just spoken—there is no insurance to cover that contingency, $5 million would not be sufficient to reconstruct it. It may be that I am tilting at windmills, but I think it would be useful to have in committee some information on the matters I have mentioned.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Lambert, the bill was referred to the Standing Committee on Banking and Commerce.

PRIVATE BILL

BALOISE FIRE INSURANCE COMPANY OF CANADA, LIMITED—SECOND READING

Hon. Thomas Vien moved the second reading of Bill L-13, an Act to incorporate Baloise Fire Insurance Company of Canada, Limited.

He said: Honourable senators, the promoters of this company are enumerated in section 1 of the bill. The name of the company will be Baloise Fire Insurance Company of Canada, Limited, and in French, *La Bâloise, Compagnie d'Assurance contre l'Incendie au Canada.* The head office will be at Montreal. The capital stock of the company will be $1 million, and the company will have the right to commence business upon having subscribed a paid-up capital of $500,000. As soon as half a million dollars have been subscribed and paid up, the company will have the right to commence business in certain types of insurance.

The types of insurance which the company will have the right to undertake are enumerated in section 6. It will not be empowered to carry out all these types of insurance as soon as $500,000 has been subscribed but will be limited—in the main—to fire insurance, accident insurance, automobile insurance, guarantee insurance, and theft insurance; and in addition thereto, civil commotion insurance, hail insurance, impact by vehicles insurance, sprinkler leakage insurance, water damage insurance, weather and windstorm insurance, but only in relation to the property already insured by the company against fire.

To be able to carry on all types of insurance enumerated under section 6, the company will require to have either a capital of $1 million subscribed and paid up, or a capital of $500,000 subscribed and paid up, plus a certain amount of money, as provided under section 7, for each type of insurance therein designated. For instance, to conduct aircraft insurance, boiler insurance, excluding machinery, credit insurance, forgery insurance, live stock insurance or machinery insurance, the paid capital, or the paid capital together with the surplus, shall be increased by an amount of not less than $40,000 in respect of each of those classes. To conduct earthquake insurance, falling aircraft insurance, impact by vehicles insurance, and sprinkler leakage insurance, the additional amount in respect of each class shall be not less than $10,000. To conduct marine insurance, an additional amount of not less than $100,000 will be required; for plate glass insurance, an additional amount of not less than $20,000; and for windstorm insurance, an additional amount of $50,000.

There is a Swiss company, with headquarters in Switzerland, which carries on business in Canada. The purpose of this incorporation is to acquire the property and to assume the obligations of this company in

Canada. This Swiss company has been incorporated under six different names—actually, it is the same name translated into six different languages. In English it is known as Baloise Fire Insurance Company, Limited, but in France the word *Limitée* is omitted because the French insurance laws do not permit use of this word.

Hon. Mr. Reid: Where are the headquarters of the company?

Hon. Mr. Vien: The headquarters of the Swiss company are in Basle, Switzerland, but the headquarters of the new Canadian company will be located in Montreal.

Hon. Mr. Euler: Has this bill the approval of the Superintendent of Insurance?

Hon. Mr. Vien: Yes. If the bill is given second reading, I will move that it be referred to the Standing Committee on Banking and Commerce, where its promoters will be able to furnish honourable senators with detailed information.

The motion was agreed to, and the bill was read the second time.

SUSPENSION OF RULE

Hon. Mr. Vien: Honourable senators, it is desirable to have this bill referred to committee promptly before the Easter adjournment, as otherwise it might not get over to the House of Commons in time for consideration this session. If we proceeded in the usual course, one week's notice of the sitting of the committee would be required, under Rule 119, and in this instance that would cause an undue delay. With leave of the Senate, I would therefore move:

That Rule 119 be suspended in so far as it relates to the Bill L-13, intituled: "An act to incorporate Baloise Fire Insurance Company of Canada, Limited".

The motion was agreed to.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Vien the bill was referred to the Standing Committee on Banking and Commerce.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Howden, for the Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill M-13, an Act for the relief of Elsie Elizabeth Belford Grant.

Bill N-13, an Act for the relief of Jean Monette.

Bill O-13, an Act for the relief of Pearl Mary Brown Pratt.

Bill P-13, an Act for the relief of Annie Holman James.

Bill Q-13, an Act for the relief of Marie Paule Lemay Mondello.

Bill R-13, an Act for the relief of Marilyn Lesley Simpson Lavallee.

Bill S-13, an Act for the relief of Edith Lorraine McBurney Robinson.

Bill T-13, an Act for the relief of Aline Goselin du Berger.

Bill U-13, an Act for the relief of Eileen Lucy Tollett Power-Williams.

Bill V-13, an Act for the relief of William Pappas.

Bill W-13, an Act for the relief of Claire Labelle Cousineau.

Bill X-13, an Act for the relief of Denise Marie Helene Laporte Woodhouse.

Bill Y-13, an Act for the relief of Lois Helena Kearns Higham.

Bill Z-13, an Act for the relief of Dorothy Rita Wade Moulden.

Bill A-14, an Act for the relief of Albert Thornton.

Bill B-14, an Act for the relief of Koidula Laigma Hagel.

Bill C-14, an Act for the relief of Yvette Lafontaine Tatos.

Bill D-14, an Act for the relief of Freda Becker Blumenthal.

Bill E-14, an Act for the relief of Monica Elizabeth Benoit Mullen.

Bill F-14, an Act for the relief of Felix Andre Landry.

Bill G-14, an Act for the relief of Marie-Claire Parisien Barbeau.

Bill H-14, an Act for the relief of Marie Muriel Gladys Lena Soubre Dubour.

Bill I-14, an Act for the relief of Joan Millicent Kemp Tessier.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Howden: With leave of the Senate, now.

The motion was agreed to, and the bills were read the third time, and passed on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 31, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

THE LATE SENATOR JONES

Hon. W. Ross Macdonald: Honourable senators, we were all deeply shocked at noon today when we heard of the very sudden passing of one of our colleagues, the Honourable J. Walter Jones. Were it not for the fact that this is the last day of the fiscal year and we expect to receive the Royal Assent to certain bills this afternoon, I would suggest that the house should now adjourn. However, as the urgency of the business before us prevents our taking that course, may I suggest that we rise at this time for a few moments in memory of our deceased colleague, and that oral tributes to him be paid tomorrow.

Honourable senators rose and stood in silent tribute.

PRIVATE BILL

EASTERN TELEPHONE AND TELEGRAPH COMPANY—REPORT OF COMMITTEE

Hon. Mr. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill J-13.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (J-13), intituled: "An Act respecting Eastern Telephone and Telegraph Company", have in obedience to the order of reference of March 25, 1954, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Isnor: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE PETITIONS AND STATISTICS

REPORT OF COMMITTEE

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 372 to 389, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

He said: Honourable senators, may I take advantage of this opportunity to make a short report on the proceedings of the Divorce Committee and to give some facts which I think will interest the house at this time? There have been filed in all, this session, 462 petitions for divorce, which I am informed is the largest docket that has ever come before the committee. Of these, 14 were withdrawn, leaving 448 petitions to be heard. To date 372 petitions have been heard and recommended, and three heard and rejected, leaving 73 still to be dealt with.

In January the committee passed a resolution extending to March 1 the time within which the rules of the Senate should be fully complied with in the preparation of cases for hearing at this session, but of the 73 pending petitions only 12 were fully completed by that date. The remaining 61 have therefore to be put over for hearing at the next session.

Of the 12 petitions that are ready to be heard this session, six are opposed; but our information is that two of the opposed cases will not proceed. The probability is that this session we shall hear 10 more cases, four of which will be opposed.

As we prepare to adjourn for the Easter recess, the committee is in a position to say that it has completed practically all of its work for this session.

I wish to add a word of commendation to my colleagues on the committee for their faithful attendance at its meetings, and for the facility and good judgment with which they have handled the work of the committee. I say that with particular sincerity, because of the disability under which I have laboured during the past month or two, when the committee carried on so successfully in the absence of the chairman. I should say a special word of thanks to those who substituted for me as chairman, and who pardoned my absence on a number of occasions. I congratulate all the members of the committee upon the splendid service that they have rendered.

Some Hon. Senators: Hear, hear.

The motion was agreed to, on division.

NATIONAL HARBOURS BOARD BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill I-13.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (I-13), intituled: "An Act to amend the National Harbours Board Act", have in obedience to the order of reference of March 24, 1954, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 2, line 2: Immediately after the word "and" insert the words "for the enforcement".
2. Page 2, line 3: Immediately after the word "property" insert the words "under the administration of the Board".
3. Page 2, line 4: Strike out the words "of Her Majesty".
4. Page 2, line 22: Immediately after the word "jurisdiction" strike out the period, substitute a comma therefor, strike out the quotation marks and insert the following:

"but no court shall so deal with such person if the act or omission is alleged to have occurred outside the province or at a place more than fifty miles distant from the place where the court is sitting."

5. Page 6: Delete lines 47 to 50 both inclusive and substitute the following:

"20. (1) The Board may sell at public auction or by private tender the whole or any part of the goods seized or detained under the provisions of section 17,"

The Hon. the Speaker: Honourable senators, when shall the report be taken into consideration?

Hon. Mr. Hugessen: Next sitting.

EXPORT AND IMPORT PERMITS BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 374.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (374 from the House of Commons), intituled: "An Act respecting the export and import of strategic and other goods", have in obedience to the order of reference of March 25, 1954, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. MacKinnon: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

FIRE LOSSES REPLACEMENT ACCOUNT BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on **Bill 377.**

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (377 from the House of Commons), intituled: "An Act to establish an account for the replacement of government property lost, destroyed or damaged through fire", have in obedience to the order of reference of March 30, 1954, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Lambert: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

EMERGENCY GOLD MINING ASSISTANCE BILL

THIRD READING

Hon. Mr. Bradette moved the third reading of Bill 376, an Act to amend the Emergency Gold Mining Assistance Act.

The motion was agreed to, and the bill was read the third time, and passed.

APPROPRIATION BILL NO. 1

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 391, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1955.

He said: Honourable senators, this is an interim supply bill of the kind which comes up annually about this time of the year. Its purpose, of course, is to finance the public service for approximately the first two months of the new fiscal year which will begin tomorrow.

I notice that it is not usual, upon second reading of this class of bill, to refer to the sections, but I think that probably there is no other way in which the bill can be handled at this stage.

By section 2 it is proposed to vote at this time approximately one-sixth of the main estimates for 1954-55. This amount, honourable senators will notice, is $526,007,622. It will also be observed that six times the sum asked is somewhat less than the total amount of the supply required. The explanation is that certain expenditures which are statutory are not covered by specific votes.

In addition to the one-sixth of the total, certain additional amounts have been requested at this time, because expenditures are heaviest during this period of the year.

These are varying percentages of the total amount provided for each of the items in the main estimates.

Section 3 provides for a grant of $216,900, the amount necessary to defray the proportionate expenses incurred in respect of the Canadian International Trade Fair, which will be held early in June. This of course is only one-quarter of the total sum required in respect of this item as set forth in the main estimates and in Schedule A of the bill.

Section 4 provides for the grant of an additional sum of $417,594.33, being one-sixth of the total of the four items set out in Schedule B. This would provide for advance payments in respect of the Senate and the House of Commons, which have additional requirements at this time because during the session of parliament heavier expenses are incurred in the earlier part of the year. The grant would also provide for a special amount payable to the Unemployment Insurance Commission to cover 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. This item must initially finance the cost of certain improvements which, under agreement with labour seeking companies, are later recovered. The seasonal character of labour movements contributes to this higher-than-average expenditure, which must be incurred in the early months of the year. I am mentioning these points so that honourable members will know that in every instance it is not one-sixth of the amount that is asked for at this time. As I said earlier, there are certain cases where proportionately larger expenses are incurred at this time of the year.

Section 5 of the bill would grant $4,303,708.08, being an additional one-twelfth of these special items set forth in Schedule C of the bill. Honourable senators will observe from Schedule C that these items relate to expenditures of four departments: Agriculture, Citizenship and Immigration, Defence Production, and Trade and Commerce.

In the case of the Department of Agriculture, the grant covers two items: first, an amount for experimental farms, which incur heavy expenses in connection with spring cropping operations; and, secondly, an amount for freight assistance on western feed grains, as the payments are heaviest during the winter and spring months when most of the movement of feed grains occur.

Yesterday afternoon the honourable Leader of the Opposition (Hon. Mr. Haig) asked me a question in connection with this payment. He said:

I should like to know how much money parliament has voted prior to this year to pay the freight rates on feed grain shipped from the west to the east.

I have the answer going back to the year 1941. It is as follows:

Year	Amounts Voted	Expenditure	(and Lapsing balances)
1941-42	4,970,046	3,971,650	998,396
1942-43	10,700,000	10,317,594	382,406
1943-44	18,750,000	17,753,535	996,465
1944-45	16,700,000	15,942,702	757,298
1945-46	17,750,000	17,316,551	433,449
1946-47	19,000,000	18,827,465	172,535
1947-48	20,120,000	20,091,486	28,514
1948-49	20,750,000	18,153,585	2,596,415
1949-50	17,000,000	16,764,011	235,989
1950-51	18,000,000	15,637,786	2,362,214
1951-52	15,000,000	14,999,239	761,000
1952-53	20,700,000	20,665,579	34,421
1953-54	17,000,000	16,724,647	275.353
	$216,440,046	$207,165,830	$9,274,261

The reason for the grant to the Department of Citizenship and Immigration is that the delay between the time when purchase of supplies abroad is authorized here in Canada and the time when formal authority for the expenditure reaches distant overseas offices makes it necessary to release funds in Canada several weeks in advance of their actual use abroad.

The grant to the Department of Defence Production, vote No. 79, would provide capital assistance for the construction, acquisition, extension or improvement of capital equipment or works by private contractors engaged in defence contracts, or by crown plants operated on a management-fee basis, or by crown companies under direction of the Minister of Defence Production, subject to approval of the Treasury Board. Since reaching its peak of operation in 1952, the capital assistance program has been gradually tapering off, and the greater proportion of the year's supply is needed in the early months of the year. In this connection it is interesting to note that the commitments made in 1953-54, and to be carried over to 1954-55, will amount to approximately $12 million of the $25 million program for the current year.

May I at this time refer to the second question asked by the Leader of the Opposition (Hon. Mr. Haig). It had to do with vote No. 79, and was as follows:

I would like to know if the amount of $25 million has ever appeared before.

The answer is that it has not appeared before in an interim supply bill, for it was not necessary to have an advance for the first

two months. However, conditions have changed now and it is expected that as we get near the end of this program the big payments will be made at the beginning of the fiscal year commencing tomorrow, rather than later on.

The grant to the Department of Trade and Commerce would provide additional funds for electricity and gas inspection services, and weights and measures inspection services, additional appropriations being required at this time owing to the fact that these services carry on the major part of their work in the spring and summer months when inspectors are able to get around freely.

Honourable senators, at the outset of my remarks I said that the purpose of this bill was to finance the public service for approximately the first two months of the new fiscal year which will start tomorrow; but there are instances where larger amounts have been requested because of prevailing conditions in connection with certain expenditures. No part of this bill votes the total amount of the main estimates. Of course, I give the usual undertaking that passage of this bill will in no way prejudice the right of any honourable senator to discuss or criticize the items when the estimates come before a committee of this house or before the house itself.

Hon. John T. Haig: Honourable senators, I do not intend, at this stage certainly, to make a budget speech, because I would not be permitted to do so anyway, but I wish to register an old objection, for the ninth time. It seems to me that parliament could work out a plan whereby the estimates would come to this house early enough to be given proper consideration. It is true that this bill shows certain items of the estimates, but these constitute a very small part of the whole outlay, so it is impossible at this time to say much about it.

For the benefit of the honourable gentleman from Waterloo (Hon. Mr. Euler), I asked for information on the item of $17 million, appearing in Schedule C of Bill 391, for freight assistance on western feed grains carried to eastern Canada. The reason I did so was that several times, especially when my honourable friend from Blaine Lake (Hon. Mr. Horner) was speaking, the honourable gentleman wanted to know about the $65 million that parliament voted for the farmers of western Canada because a few years earlier the government had made a deal with the United Kingdom under which those farmers lost $600 million or—valuing the wheat at the American price—a billion dollars.

Hon. Mr. Euler: I said nothing about the $65 million. I could say something about it, though.

Hon. Mr. Haig: You could make a very poor speech, as far as the $65 million is concerned. That sum of $65 million seems to be a choice morsel in the mouth of my honourable friend. He accuses the farmers of western Canada of having received $65 million from the taxpayers of Canada, whereas the fact is that for years and years the taxpayers of western Canada made a contribution that benefited his part of the country and every other part of the two central provinces. Western taxpayers were paying the shot for years and years—

Hon. Mr. Euler: May I interrupt my friend to ask him when I made reference to the $65 million?

Hon. Mr. Haig: Yes: in the house when my friend from Blaine Lake (Hon. Mr. Horner) was speaking.

Hon. Mr. Euler: I said not one word about $65 million.

Hon. Mr. Haig: I thought you mentioned $65 million.

Hon. Mr. Euler: I rise to contradict my friend; I said nothing about it.

Hon. Mr. Haig: Then my hearing must be very poor. However, I will take your word for it.

Under this freight assistance a sum of $207 million has been paid, and the people of Ontario and Quebec—largely Ontario—have benfited by obtaining feed grains at prices less than they otherwise would have had to pay. Those are the facts. So I do not want to hear any more about the farmers of western Canada getting something they did not deserve.

The item of $25 million for defence production, also in Schedule C, is clear to me now that it has been explained. At first, I could not understand why that amount was voted at this time of the year. To my knowledge it is the first time it has been voted, but I can understand the purpose of it and I am satisfied with the explanation.

I am willing to vote for this temporary supply bill, but I hope that the new leader of the house (Hon. Mr. Macdonald) will make it a special point to confer with the Minister of Finance to work out some scheme whereby the estimates will come to this house sooner than they have in the past.

I want to pay a compliment to the honourable senator from Churchill (Hon. Mr. Crerar). In past years a committee of this

house, under his chairmanship, investigated and reported on public accounts. The committee did a splendid job. It brought to light much information which I am sure we shall miss this year, when we discuss details of the estimates. I admit the information revealed by the committee's investigation was not of much use from a political standpoint. Only the newspapers used it to advantage, for it showed the expenditures of the various government departments. I hope my honourable friend from Churchill will press a little harder to have the committee set up again, because in the past it performed a service of great value to the people of Canada.

Hon. Mr. McIntyre: I do not want to interrupt the Leader of the Opposition (Hon. Mr. Haig), but he spoke of the money spent by way of freight assistance on shipment of feed grains to eastern Canada. It should be pointed out that that money helped western farmers to dispose of their surplus products.

Hon. Mr. Reid: Honourable senators, before this bill passes I should like to direct a question to the leader. But first may I state that I am quite in sympathy with the objection raised by the Leader of the Opposition (Hon. Mr. Haig) to the bringing down of the estimates at the last moment. However, I object for an entirely different reason. There was a time when the opposition in the other place examined every item carefully and, where necessary, complained about expenditures. The picture has changed today. Now the opposition there laments about high taxation, yet at the same time advocates greater expenditures. That is one of the silliest procedures I have ever heard of. If I may say so, the opposition in the other place has now reached a level where nobody criticizes any expenditures. For that reason, I think this honourable chamber could perform a useful service to the country by examining some of the large expenditures of government today.

My real purpose in rising, however, is to ask a question about the item in schedule A on page 3 of Bill 391. The total amount is given as $867,600, and below in small letters I see, "Net total $216,900." If page 2 of the bill is referred to it will be seen that $216,900 is the amount voted.

Hon. Mr. Aseltine: That is one-quarter of the amount of the item in the main estimates.

Hon. Mr. Reid: Well, it should be put in the "amount" column, as is done in the other schedules.

Hon. Mr. Euler: Honourable senators, perhaps it is hardly worth while for me to say what I am about to say.

Hon. Mr. Crerar: Hear, hear.

Hon. Mr. Euler: I may say to my friend from Churchill (Hon. Mr. Crerar) that the feeling is entirely mutual.

My friend the Leader of the Opposition (Hon. Mr. Haig) stated that yesterday during the remarks of the honourable senator from Blaine Lake (Hon. Mr. Horner)—who is also a good friend of mine, except when we get on the question of margarine—I made some comment about the $65 million that was paid to the farmers of western Canada. I made no such statement, and I hope my friend will accept my word in that respect. I did hear something said from this side of the house about the payment of $65 million, but I do not know who said it.

Hon. Mr. Haig: I withdraw my remarks; I thought it was you who made the comment.

Hon. Mr. Euler: I thought that my friend, when he mentioned the senator from Waterloo, was going to pay me a compliment because I had interjected a remark to this effect: what about the money that was saved to the farmers of Canada in the past forty or fifty years through the Crowsnest Pass agreement? While a member of the House of Commons—not "the other place"—I served on a committee which supported maintenance of that agreement at a time when there was danger of its being done away with.

Hon. Mr. Horner: Honourable senators, I accept the statement by the senator from Waterloo (Hon. Mr. Euler) as being correct, for had he made any such remark as is attributed to him, I would surely have caught it.

May I reply briefly to the remarks of the honourable senator from Mount Stewart (Hon. Mr. McIntyre) about the help received by western farmers? The fact of the matter is that our good farm land in the west is used for the growing of grain, whereas Prince Edward Island, my friend's province is beautiful park country with plenty of green grass and an abundance of hay. The people there benefit from having western grain brought to their door by government-subsidized freight. Under the grain board's regulations I cannot sell feed grain locally. In that connection I am reminded of a comment by the late Senator Burns, a man who knew as much about feeding cattle as anybody did. In answer to a suggestion made in an agricultural committee, that both the cattle and the feed should be shipped from west to east and fed there, the late senator replied, "What

nonsense! Anyone knows that the proper place to feed cattle is where the feed is grown".

I am not singling out my friend from Mount Stewart for any special criticism, but I should like to point out that a good deal of the feed coming to Ontario by subsidized freight simply follows the cattle down here. The cattle are shipped while their weight is relatively light, and freight assistance on the feed that follows them accrues to the advantage of the eastern farmer.

Hon. Mr. Aseltine: The western farmer?

Hon. Mr. Horner: No, not the western farmer. I am pointing out that all the advantage goes to the Ontario farmer who gets the cattle when their weight is light, feeds them on grain on which the government has paid part of the freight, and sells them in the densely populated areas where the market price is high. I say the eastern farmer has all the advantage accruing from the government-paid freight.

Hon. Mr. Beaubien: He gets all the gravy.

Hon. Mr. Horner: The subsidy is really going to the eastern farmer.

Hon. Mr. Macdonald: I do not propose to enter into the controversy on feed grain, but if I may make an impartial comment, I would say it seems to me that the government assistance on freight means profit to all concerned.

Hon. Mr. Horner: I am not complaining.

Hon. Mr. Macdonald: The honourable senator from New Westminster (Hon. Mr. Reid) asked me a question about vote No. 431, in Schedule A of the bill. In reply, I must admit that I do not know under what system of bookkeeping that item was set up. I have looked at the main estimates, and I note that the estimate for the Canadian International Trade Fair for the full year 1954-55 is $867,600.

Hon. Mr. Reid: And we are now asking for one-sixth of that?

Hon. Mr. Macdonald: We are asking for about one-quarter of it now, because the heavy expenses will be borne in the first few months.

Hon. Mr. Reid: We are asking for $216,900.

Hon. Mr. Isnor: May I ask if it is the intention of the Leader of the Government (Hon. Mr. Macdonald) to answer the other questions asked yesterday?

Hon. Mr. Haig: They have to do with the other appropriation bill.

Hon. Mr. Macdonald: The question asked by the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) comes under the supplementary estimates, and I shall answer it when that bill is before us.

Hon. Mr. Isnor: Thank you.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

APPROPRIATION BILL NO. 2

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 392, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1954.

He said: Honourable senators, this bill, which has been in the hands of the members of this house since yesterday, includes the final supplementary estimates for the present year. The Leader of the Opposition (Hon. Mr. Haig) a few minutes ago suggested that I should try to get the estimates for the next fiscal year before the Senate as soon as possible. Of course, copies of the estimates have been distributed to honourable senators, but the supplementary estimates, which we are now considering, came to us only yesterday. I think some progress has been made along the lines of my honourable friend's suggestion, because I am told that in the past the bill frequently reached this house only a very short time before it was proposed to be passed.

Hon. Mr. Haig: I agree with that statement.

Hon. Mr. Macdonald: I hope I shall be able to keep up the good work.

This bill refers to most of the departments of government. As the bill did reach us yesterday I was quite aware that honourable senators would spend most of last night and as much time as they could this morning, when not sitting on committee, in studying this bill. For that reason I also spent considerable time in studying the bill, and I have information with respect to the items for most of the departments. This information came from the departments and I have not yet

been able to digest it all myself, but I shall try to answer any questions that honourable senators may ask.

Again I say that I realize it is not customary to consider a bill clause by clause or item by item unless the house is in committee, but I do not see any other way of handling this bill than by that method. Probably I could open the discussion by answering the questions that were asked of me yesterday by the Leader of the Opposition (Hon. Mr. Haig).

My honourable friend asked this question regarding vote No. 565:

> What amount was voted for this purpose, payments to municipalities, last year and the previous year, and is this the total amount which will be asked for this year?

The answer is as follows: In the fiscal year 1951-52, $1,845,000 was provided in the main estimates to cover this grant, and in the supplementary estimates for that year $249,000 was provided, making a total in that year of $2,094,000. In 1952-53, the amount in the main estimates was $2,360,800, and in the supplementary estimates provision was made for grants totalling in all $253,856, making a total in that year of $2,614,656. In 1953-54 the amount provided for in the main estimates was $2,701,300, and in the supplementary estimates there is a further grant of $343,783, making a total of $3,045,083 in the present fiscal year. The amount asked for in the bill is this supplementary grant of $343,783.

The honourable Leader of the Opposition also asked me the following question:

> With respect to vote No. 568, I should like to know whether $38 million is the total amount to be expended for that purpose, this year, or will further moneys be voted?

As honourable senators know, in 1950 the superannuation account had a liability of approximately $350 million, which the government has since reduced by contribution until today it is approximately of the nature of some $200 million. However, with the recent increase in salaries it has been found necessary to make a further contribution to the account, not for the purpose of writing down the outstanding old liability but to maintain the position as it was prior to the recent salary increases and the inclusion under the superannuation account on January 1, 1954, of some sixty thousand temporary employees not previously covered by the act. In other words, this $38 million is an amount required in order that the superannuation account may not show an increased deficit; it is being paid in so that the account will be in the same position at the end of this year as it was at the beginning of the year.

Hon. Mr. Haig: Will the honourable Leader of the Government allow me to interrupt him? I understand also that this year the government is paying interest on that overdraft into the fund, and maybe that was done last year too. Can my honourable friend say whether the overdraft has been increased? I understand that no increase has been made.

Hon. Mr. Macdonald: I am not conversant with the method, but I understand that probably, as the Leader of the Opposition states, the result is that the overdraft will remain at $200 million.

Hon. Mr. Haig: Correct. That is all right.

Hon. Mr. Macdonald: The Leader of the Opposition also asked me a question in regard to votes 612 and 613, the first two items on page 10 of the Schedule.

I might say right here that he has given me quite a bit of work to do, but I was very glad to do it; it has been an education to me to look into this matter.

My honourable friend's question was in these words:

> I should like to refer next to the first two items on page 10 of the schedule of this bill, and to ask for an explanation as to why the losses were so high as to require votes of approximately $650,000 and $200,000 to meet the deficits. I should also like to know whether these amounts include all the estimated loss under this item for the fiscal year 1954.

I can say that this amount is to include all the estimated losses for the fiscal year. I could give the reasons as to how this loss came about. It had been expected that there would be a profit during the present fiscal year, which is ending today, but in fact there was carried over from the previous fiscal year a deficit which it had been expected would have been looked after by profits from the present fiscal year, but instead of being a profit there was a loss. Freight revenue decreased by $1,465,562, or 25·3 per cent. This reduction was mainly due to a decline in the tonnage of raw sugar carried northbound and a reduction of about 25 per cent in the freight rates. Export tonnage decreased by 13,999 tons, or approximately 11·5 per cent, and import tonnage declined by 67,807 tons, or 29·4 per cent. Passenger and miscellaneous revenue was reduced by $765,117, or 82·6 per cent, in consequence of the withdrawal of the *Lady* ships from the service late in 1952. The revenue from charter hire on a time basis declined $620,593, or 97·9 per cent, owing to the depressed time charter market. Subsidy payments from the colonies declined $88,663, through discontinuance of payments consequent upon the withdrawal of the two *Lady* vessels from the service.

Interest earnings of the vessel replacement fund rose by $25,801, because of increases in the fund in 1953. Operating expenses decreased by $1,791,183, mainly owing to the sale of the two *Lady* vessels. The saving in the operating expenses was offset to some extent of additional expenses resulting from the strike in the fall of 1953.

The honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) asked how much had been expended on the prairie farm rehabilitation program since its inception. I have a statement which shows the expenditures chargeable to this vote from the year 1935 to the end of February of the present year. I could read it, but I do not suppose that honourable members would want me to do more than give the total amount, which is $46,031,892.75. With leave, I will put the statement on *Hansard*.

Some Hon. Senators: Agreed.

Hon. Mr. Macdonald:

The statement follows:

Statement showing expenditures chargeable to Prairie Farm Rehabilitation votes from 1935-36 to 1953-54 (Feb. 28/54)

1935-36	$342,424.01
1936-37	434,601.85
1937-38	1,857,425.07
1938-39	3,321,148.25
1939-40	3,217,573.20
1940-41	2,347,475.04
1941-42	2,406,503.29
1942-43	1,729,344.77
1943-44	1,811,305.27
1944-45	1,918,874.93
1945-46	2,141,827.88
1946-47	2,305,528.27
1947-48	2,069,076.18
1948-49	2,983,296.27
1949-50	2,998,273.75
1950-51	3,470,303.89
1951-52	3,067,961.07
1952-53	4,037,062.13
1953-54 (to Feb. 28-54)	3,571,887.63
	$46,031,892.75

I am sorry that I cannot answer the question of the honourable senator from Waterloo (Hon. Mr. Euler). He asked me how much the Crowsnest agreement has cost the taxpayers of Canada. Actually, I do not suppose he expected me to answer it, but nevertheless, I tried to.

Hon. Mr. Euler: Give it to the nearest hundred millions.

Hon. Mr. Macdonald: I was unable to get any particulars in this matter from the departments of which I inquired. However, I shall continue my search, and if I can obtain some information I shall communicate it at a later date.

Hon. Mr. Haig: I can answer it.

Hon. Mr. Lambert: I can answer it, too.

Hon. Mr. Macdonald: If there is any other information I can give honourable senators I shall be glad to do so.

I recommend this bill to the consideration of the house, and I hope it will pass today.

Hon. Mr. Isnor: There is just one question I wish to ask the honourable Leader of the Government (Hon. Mr. Macdonald). He stated that operating expenses have decreased, and he then went on to say that the revenue receipts included the proceeds of the sale of the ships. Does he mean that the capital received from this source was put against operating expense?

Hon. Mr. Macdonald: As the honourable senator knows, two ships were taken off the route, with a resultant decrease of revenue. Later the ships were sold, and the proceeds of the sale were added to the revenue.

Hon. Mr. Horner: The expenses would be less because of the saving of wages of the ships' crews.

Hon. Mr. Macdonald: Taking all those things into consideration, and for the reasons I have set out, there is still a loss.

Hon. Mr. Reid: There are three questions which I should like to put to the honourable Leader of the Government (Hon. Mr. Macdonald). Before I do so I wish to make one comment on the item of $38,000,000, the government contribution to the superannuation account. Since I learned last session that over the past ten years the sums collected from civil servants as contributions to superannuation equal the amount which has been paid out, I have awaited an explanation as to why this fund has been built up to around $350 million. I could understand the necessity for doing so if an unemployment insurance fund were required to provide against large-scale separations from employment such as occur when shipyards or factories are shut down. But, by and large, government civil servants are in the service for life. I do not suppose we shall ever have a wholesale firing or removal of federal employment. It is a well-known fact that governments hire, but never fire; and I am unable to understand, for we have never had any explanation, why there has been set up what I call this "fictitious" fund. How can it be argued that any such sum as $350 million must be set aside to meet unemployment conditions in the federal civil service?

I come now to my three questions. But first let me heartily commend the grants to municipalities under vote 565. I favour the proposal to regard the admiralty properties in the city of St. John's, Newfoundland, as

federal property, but this is a new departure, and I should like to know whether there are properties in other ports which for taxation purposes are recognized as government property for the purpose of providing grants.

I come next to vote 584, the grant of $10,000 to the British Empire and Commonwealth Games Association. Has the honourable Leader of the Government (Hon. Mr. Macdonald) any information as to whether this contribution is being supplemented with a grant from the province of British Columbia?

Hon. Mr. Macdonald: If I may interrupt the honourable senator, it might be better if he would ask his questions one at a time, and I will try to answer them one by one.

Hon. Mr. Reid: Then I will refer first to the grant for the British Empire Games—which I may say, for the information of any honourable senator who does not know it, will take place in the city of Vancouver this summer. We would be delighted to have all members of the Senate come out to Vancouver, not only to see the great games—

An Hon. Senator: But to take part in them.

Hon. Mr. Reid: British Columbia has many attractions well worth seeing. I should like to know whether the provincial government is making a contribution to the British Empire Games comparable to that being made by the dominion government.

Hon. Mr. Macdonald: I have a long explanation here but I do not think it is necessary to read it. I think the point referred to by the honourable senator from New Westminster (Hon. Mr. Reid) can be covered by this statement:

> The Games Association report that they need about $55,000 in all, primarily to meet the travelling expenses of 225 athletes to and from Vancouver but also to pay training and equipping expenses. Because Canada is host at this year's games the committee is making a special effort to have Canadian entries in every event. The association's campaign for $55,000 is divided as follows:
>
> | | |
> |---|---|
> | Private firms and individuals | $30,000 |
> | Provincial governments | 12,500 |
> | Dominion government | 12,500 |
> | | $55,000 |

Hon. Mr. Reid: May I ask what the British Columbia provincial grant amounts to?

Hon. Mr. Macdonald: I have no information as to grants by individual provinces.

Hon. Mr. Reid: I should like to know what British Columbia is contributing. I am wondering whether it is overlooking the British Empire Games.

Hon. Mr. Macdonald: I have not got before me the budget for any provincial government.

Hon. Mr. Reid: I am not opposed to item 565, payments to municipalities, but I am wondering whether it is a new departure to recognize Admiralty properties.

Hon. Mr. Macdonald: I have a long list of all the municipalities, and I shall be glad to go over it with the honourable gentleman from New Westminster.

Hon. Mr. Reid: That will be satisfactory.

Hon. Mr. Lambert: The Municipal Grants Bill for 1954-55, which I understand will be brought down before parliament within a few days, will establish a new formula for making municipal grants. I think it would be worth while to ascertain at that time just how the formula is arrived at, what properties are involved, and so on.

Hon. John T. Haig: Honourable senators, I do not intend to delay the house. I should like to thank the officials of the Department of Finance for sending me an advance copy of this bill about two weeks ago, for this gave me some time to work on the questions that I asked the Leader of the Government yesterday. I must confess that I did not just think those questions up on the spur of the moment.

I should like to make one or two references to this legislation. Payments to municipalities involves one of the most important questions in Canada today. I am not criticizing the government for what it proposes here, but I do not believe it fully appreciates the difficult financial problems confronting our municipalities, especially in the administration of our schools. In my young days schools were not costly to run, but they certainly are now. I taught school for three years at a salary of $35 a month, and I am sure some of you have had a similar experience.

Hon. Mr. Macdonald: What about room and board?

Hon. Mr. Haig: I admit that I only paid $10 a month for room and board and washing.

Hon. Mr. Grant: You must have been the principal.

Hon. Mr. Haig: I was the whole teaching staff. I do not think Canadians have ever fully realized what a great service our school teachers perform. Nothing can compare to the contribution they make to the public life of Canada. This fact is now beginning to be recognized, and young men and women embarking on this career are now receiving payment that is more commensurate with their services. There is no doubt that the mother in the home has more influence than anybody else on the life of a child, but next

to the mother comes the school teacher. The boys and girls to whom I taught the ABC's pay me a lot more respect these days than do a lot of other people around my home city of Winnipeg. When I was attending public school the children were pretty boisterous. Discipline was not too good until a new teacher, Mr. Lang, came to the school. I well recall his first day in the classroom. He picked up the ringleader by the scruff of the neck, and, after a good shaking, he told him "You're not going to be a troublemaker around here any longer; I'm the head of this school." Well, there was no more trouble in that school for the rest of the year.

Municipalities have to bear the cost of operating the public schools. The basic salary for a teacher in Winnipeg is $2,000, which is not one bit too much. Secretaries in private offices are paid more than that. The teacher's maximum pay runs to approximately $5,000, but many other professions which pay a great deal more than that do not make nearly as valuable a contribution to the welfare of the country. I laud the government for having authorized a grant of some $7 million to assist Canadian universities a couple of years ago, for I have no doubt that this action kept some of them in existence. If our school system is to be properly maintained a larger amount of money will have to be paid to municipalities in lieu of taxes on federal properties. That is my argument. Only a percentage of what should be paid is paid now. If the government has $100,000 worth of property in the city of Brandon, why should the municipality not collect taxes based on the full value of that property, as it does in the case of other property? There is a tremendous amount of federal property in Ottawa, and as a result that city receives a larger proportionate payment in lieu of taxes than it otherwise would.

Unless we do something to increase the payments to municipalities we are going to have a breakdown in our educational system, for the municipalities will be utterly unable to carry their taxation load. I am glad to see the payment that is provided for in this bill, but it does not go far enough. When the Municipal Grants Bill comes before the Senate I am going to advocate that the dominion government pay taxes on federal property to the same extent as do ordinary property owners. Full taxes should be paid, for example, on the parliament buildings in Ottawa. This sort of thing has got to be done if we are going to maintain municipal life in this country.

I had intended to talk about a few other items, such as the operating loss on the New Zealand meat deal, but I do not think my comments would add anything to the life of the nation.

I wish to thank the honourable leader (Hon. Mr. Macdonald) for the information he has given; I think he has answered my questions very fairly.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: I could not have asked those questions if the Department of Finance had not sent me the information I needed, and I appreciate it very much.

Honourable senators, I urge that between now and next session we members of this house study the question of possible municipal taxation of federal government properties, with a view to assisting the municipalities to finance public school education in this country.

Hon. F. W. Gershaw: Honourable senators, we have been told that $46 million has been spent under the Prairie Farm Rehabilitation Act since its inception. I wish to say that I think that money has been very well spent. Before the police arrived in 1874, great herds of buffalo roamed over the prairies; there were thousands of them, stretching as far as the eye could see. They all disappeared, and when the police established law and order great herds of cattle took the place of the buffalo on the prairie, and there were good times and good ranches. Later, the dominion government decided to break up the open leases and throw open the land for homesteads, and thousands of people from the United States and some from eastern Canada settled on those homesteads. Then disaster followed and relief had to be given. Of the $13 million handed out in relief, only two or three million dollars were ever recovered. Under the Prairie Farm Assistance Act help was given to people in areas where the crop had failed year after year.

In about 1935 the department decided that a better policy could be worked out and that people in the burned-out and dried-out areas should be rehabilitated. Many thousands of stock watering reservoirs and many thousands of small irrigation dams and some larger irrigation schemes were established. The result is that about a million and a half acres that had been dry and almost useless have been put under water, and instead of only being able to grow wheat farmers have been able to grow root crops and feed crops and cattle can be fed right at the sugar factories. The industry of that whole country has thus become diversified. As I have said, a million and a half acres have been put under water, but as much more could still be irrigated.

Because of the irrigation that has already been done, beet sugar factories, canneries and processing plants have been established, and cities and towns have grown and prospered. Many crops are grown in the fields where formerly they could not have been grown at all. This has been a great blessing to the people who have lived so long on the prairies, and it has also contributed to the economy of the whole country. That is why I say that I think the money has been very well spent.

Some Hon. Senators: Hear, hear.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: With leave of the Senate, I move the third reading now.

The motion was agreed to and the bill was read the third time, and passed.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, the Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act respecting The Dominion Fire Insurance Company.

An Act respecting Commerce Mutual Fire Insurance Company.

An Act to amend the Emergency Gold Mining Assistance Act.

An Act respecting the export and import of strategic and other goods.

An Act to establish an account for the replacement of government property lost, destroyed or damaged through fire.

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1955.

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1954.

The House of Commons withdrew.

The Right Honourable the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 1, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

THE LATE SENATOR JONES

TRIBUTES TO HIS MEMORY

Hon. W. Ross Macdonald: Honourable senators, before we proceed with the business of the day may I be permitted to pay tribute to our late colleague Senator J. Walter Jones, of Prince Edward Island. Yesterday we were all deeply shocked by his sudden death. Indeed, his unexpected passing is a disturbing reminder of the uncertainty of life and the slender thread which binds us to earth.

The late Walter Jones was born at Pownall, Prince Edward Island, in 1878, a son of the late James Benjamin Jones and Maria Isabelle Stewart. His early education was received at Prince of Wales College, Charlottetown, following which he attended Acadia University, where he received his Bachelor of Arts degree; and later at the University of Toronto, where he received his Master's degree. Post-graduate work was carried on at Chicago, Cornell, Columbia and Clark Universities.

During the course of this rather full and interesting career he taught school in Virginia, U.S.A., and was employed by the Department of Agriculture in Washington, D.C., after which he moved to Ottawa, where he became associated with the Commission on Conservation and wrote a book entitled *Fur Farming in Canada.* In 1914 he returned to his native province, where he became one of Prince Edward Island's leading farmers. In later years he had become a cattle breeder, and had attained not only national but international distinction.

His political career was no less colourful. In 1921 he was a member of, and indeed, a candidate for, the Farmers' Progressive Party. Subsequently, he joined the Liberal Party, and in 1935 he entered the Prince Edward Island Legislature. In 1943 he became Premier of that province, and he headed the government there from that time until May of 1953, when he was summoned to the Senate of Canada.

While the late senator had come to this chamber only recently, he was widely known throughout Canada because of his place in public life generally and in his native province. As Premier of Prince Edward Island he had become a familiar figure, not only in that province but also at Ottawa, where he had attended various interprovincial conferences, at which the claims of the smallest province were as vigorously and ably presented as those of the largest.

It is a matter of deep regret that he was not spared to be with us longer, to bring to this chamber his wise counsel, not only in agricultural matters, on which he was an authority, but in maritime affairs generally. In his death the country at large has lost an outstanding citizen, and his native province a loyal and devoted son.

I am sure all honourable senators would wish to join with me in extending deepest sympathy to Mrs. Jones and the other members of his family.

Hon. John T. Haig: Honourable senators, it was not my privilege to meet Senator Jones until after he was appointed to this chamber: because of my absence during the fall sittings of this session, my acquaintance with him started only in January of this year.

I enjoyed my acquaintanceship with Senator Jones very much, as did every other member of this house. He struck me as a man who would in the future make an outstanding contribution to our work here, for he possessed a spirit of independence and would make his decisions for the general good of Canada, irrespective of who might be affected.

An incident which occurred in the cafeteria of the hotel where both Senator Jones and I lived revealed to me his deep interest in cattle-raising in the Maritimes. While in search of a table on a busy day in the cafeteria I was invited to share one with a man who I later learned had emigrated from, I think, Armenia, and was then a prosperous cattle raiser in Nova Scotia. Within a few moments Senator Jones entered the cafeteria and I invited him to sit at our table. Almost immediately my companion and the senator entered into a discussion about the cattle business. I appealed to them to talk about wheat for a change, so that I could get in on the conversation, but obviously they were both experts in the cattle-raising field, and I was unable to make any contribution. The senator remarked to me later, "I should be home now, because I am quite sure that one of my cows will today set a new record for milk production in Canada." It was very remarkable how quickly he had struck up a friendship with a European immigrant who had become a citizen of one of the Maritime provinces, and how genuine was the interest between them in a field vital to Canada's economy. I felt from that moment that

Senator Jones had had experience which qualified him to give great service to the Senate and to the people of Canada.

I agree with all that has been said by the leader (Hon. Mr. Macdonald), and I want to join with him in expressing on behalf of all honourable senators our kindliest thoughts to the wife and children of our deceased colleague. On occasions of this kind there is only one source of solace, and I know they will find solace there.

Hon. James P. McIntyre: Honourable senators, in the death of the late Senator J. Walter Jones, Prince Edward Island has lost a noteworthy citizen. In his early life in that province he followed the profession of school teaching. He was principal of the Macdonald Consolidated School, a mile or so from his own home. This school was built by Sir William Macdonald, a native of Prince Edward Island, who also built Macdonald College at Ste. Anne de Bellevue in Quebec.

After teaching a few years in Prince Edward Island the late senator travelled to the United States and, as our leader (Hon. Mr. Macdonald) has already said, he taught in Virginia, and for a time he was associated with the Department of Agriculture in Washington, D.C. Later he came back to Canada, and in 1913 he was engaged by the Commission of Conservation at Ottawa. In 1914 he returned to his native province and took up the profession of farming. He specialized in the breeding of Holstein cattle and, I think it is correct to say, he became the leading breeder of Holstein cattle in Eastern Canada. His stock took many prizes at the Canadian National Exhibition in Toronto, at the fair at Amherst, and at other places where he exhibited stock regularly each year.

After making a success of farming, he turned to the political field. As the leader has said, he campaigned in the federal election of 1921 as a candidate of the Farmers' Progressive party, but was not successful. Later he joined the Liberal party, and in 1935 he was elected to the legislature. He was re-elected in 1939, 1943, 1947 and 1950, and I may say that for eight years I was a colleague of his in the provincial house. He became Premier of Prince Edward Island in May, 1943, and held that position until May, 1953, when he was summoned to this chamber.

All politicians make mistakes, and it may be supposed that the late senator made a few; nevertheless, his many outstanding achievements will remain as a monument to his memory.

We mourn today the loss of an outstanding man and a good Canadian. I feel sure that I am expressing the sentiment of this honourable chamber when I convey sincere sympathy to his bereaved wife and family.

Hon. John J. Kinley: Honourable senators, I should like to add a word to what has been said in memory of an old friend, who, as the honourable leader of the Government (Hon. Mr. Macdonald) has said, though well known throughout Canada, was best known in the Maritime provinces, where he was esteemed for his services, his qualities and his character. Last Tuesday evening, when I glanced across the chamber, I noticed that he looked tired, so I moved next to him and we talked together. I asked him what he had done over the week-end, and he said he had remained indoors and read all the time. Next day the report came that he had died. I went to his room with some friends, and the doctor said that he had gone. Thus ended his journey here below. It was a long and fruitful journey, filled with service and achievement. I am sure that, had he lived longer, his services here would have done honour to the Senate and enhanced his reputation as a public man.

He gained distinction in the industrial field; he was a leader in agriculture; and from what he told me on several occasions I realized that he had achieved much success in various spheres of farm production. He was invariably sustained by the public of the Island he served; they believed in him and they always re-elected him until he was translated here. I knew him to be a man of strong convictions. He could be resolute in action. He had distinguished educational attainments, yet he was an ordinary man, for—like a great many people in Prince Edward Island—he believed in plain living and high thinking.

Today the flag atop the Peace Tower flies at half-mast, Parliament's dignified salute and tribute to the memory of one of Canada's outstanding sons, and his remains are speeding towards his Island home where he will be laid to rest among the scenes he loved so well.

At this time our sympathy goes to the widow and family of our deceased colleague. I feel they will be sustained by their abiding faith, and that in the shadow of this affliction they will find comfort in the knowledge that he served well his day and generation.

Hon. Norman P. Lambert: Honourable senator, one feels some diffidence about obtruding on the family affairs of a province, but in this particular case I rise to pay my respects to our late colleague because his reputation extended far beyond the boundaries of his native Prince Edward Island, and because I had the privilege of knowing him fairly intimately for almost fifty years.

I first saw and met J. Walter Jones on the occasion of the Intercollegiate Sports Field-day at Toronto some fifty years ago. At that time he was a student at the Ontario Agricultural College at Guelph, and he had come to Toronto as a member of the O.A.C. team to compete in what were then known as the Varsity Games, an annual event participated in by all the institutions gathered together under the name of the University of Toronto. He distinguished himself that day by hurling the sixteen-pound hammer farther than it had ever been thrown before in that competition, establishing a record which remained unbroken for many years.

As well as being athletically inclined he soon revealed evidence of a distinctive interest in scientific agriculture. After his graduation from the University of Toronto with the degree of Bachelor of Science in Agriculture, he pursued post-graduate studies in the United States, as has been outlined by the Leader of the Government (Hon. Mr. Macdonald) and by his colleague from Mount Stewart (Hon. Mr. McIntyre). In the course of those years he narrowly missed becoming a specialized scientific official in the field of agricultural science. He concentrated particularly on that branch of scientific agriculture known as animal husbandry. The Conservation Commission of Canada had then been in existence for several years. I think the Commission's work reflected something of a similar effort which had been sponsored in the United States by President Theodore Roosevelt. The idea that the natural resources on this continent should be conserved and not completely destroyed by industry and financial progress had a great deal of vogue in those days. In any event, the Conservation Commission of Canada was set up, under the chairmanship of that very able man, the late Sir Clifford Sifton, and to his attention came the name of Mr. Walter Jones, a student of scientific agriculture, who was also particularly interested in the development of fur farming on a domesticated basis. Walter Jones returned to Canada and became associated with the commission, devoting himself to research for a year or two, and travelling widely. This experience enabled him to write the book entitled *Fur Farming in Canada,* which became, and still is, the authoritative text-book on the subject in this country and in other countries as well.

After he completed his work with the Conservation Commission he returned to Prince Edward Island to resume farming. Through a journalistic assignment that was given to me to go down there and write up the black fox industry, which at that time was a very hectic development in the life of the Island, I had the pleasure of meeting him again shortly after he went back from Ottawa. I stayed with him at his home at Bunbury Farm and received a great deal of help from him. He was not one of the earliest pioneers in the black fox industry, but he did a great deal towards extending the interest in domesticating wild fur-bearing animals to other parts of the country. He was also directly instrumental in the moving of reindeer into the far northern regions of this country and in helping to domesticate them. I was intimately associated with him in the years following, and I have often thought that, had he devoted all his time to that specialized field of scientific research, he might have become an even more valuable public servant than he afterwards did. However, it was inevitable that sooner or later he should take an active part in the public life of his province. He had a genuine urge to render public service, and proved to be a very able and wise administrator and organizer of human effort in Prince Edward Island and elsewhere. At bottom, he had the instincts of a pretty shrewd trader as well. As I said to one of my friends today, who knew him, he reminded me in many respects of that famous old literary character David Harum, whose watchword was, "Do unto others as you would have done to you—but do it fust." Years later, I learned that there was some truth in those words as applied to him.

My honourable friend from Mount Stewart (Hon. Mr. McIntyre), who was for some years the late senator's colleague in the Prince Edward Island legislature, has spoken of his service as a member of the legislature and as Premier. I think it is worth recording here that in 1935, after the federal election, Senator Jones played a leading part in providing a seat in Queen's County for the Minister of Finance, the Honourable Charles Dunning.

The late senator was summoned to the Senate less than a year ago, and was sworn in at the opening of the present session. Since he came here I felt that he was a lonely man. Whether or not he was lonely because of his physical condition, which finally told its story, I do not know: I surmise that he was quite conscious of his decline, but was too proud and too independent in mind to admit it or even acknowledge it. At any rate, he was unable to show the same degree of activity and enjoy the same prominence which he had known for so many years. It is regrettable that he did not have more opportunity to give expression to his experience, wisdom and knowledge in those fields in which he was so competent. I think it irked him a great deal that circumstances did not afford him that opportunity. In past years he had been of a somewhat restless,

impatient and critical temperament, and I do not think he was ready to accept his new environment philosophically. I deeply regret, therefore, that his end came so soon and that he was not spared to enjoy some of the satisfactions which I am sure would have come to him with a greater share of those responsibilities which are to be assumed by the Senate.

I should like to express my feelings of deepest sympathy to his wife and family, whose warm hospitality I have had the pleasure of enjoying on several occasions.

PRIVATE BILL

BALOISE FIRE INSURANCE COMPANY OF CANADA, LIMITED—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill L-13.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the bill (L-13), intituled: "An Act to incorporate Baloise Fire Insurance Company of Canada, Limited", have in obedience to the order of reference of March 30, 1954, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 1, line 12: strike out the comma.
2. Page 1, line 13: strike out the word "Limited".
3. In the title: strike out the comma and the word "Limited".

The Hon. the Acting Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden: With leave of the Senate, I move that the report be concurred in now.

The motion was agreed to.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Vien: Honourable senators, in view of the desire that this bill be considered by the House of Commons before the Easter recess, with leave of the house I move that the bill be now read the third time.

The motion was agreed to, and the bill was read the third time, and passed.

CANADA-JAPAN AGREEMENT ON COMMERCE

ORDERED TO BE PRINTED IN SENATE RECORDS

Hon. J. Gray Turgeon: Honourable senators, I should like to make a request of the honourable Leader of the Government (Hon. Mr. Macdonald)—if necessary I shall make a formal motion—that the Agreement on Commerce between Canada and Japan, signed at Ottawa, March 31, 1954, which was tabled yesterday, be ordered printed in *Hansard.*

I am sure, honourable senators, there is a good deal in these agreements that would be of general interest throughout Canada, possibly of more interest in some sections than in others. Bearing in mind the inquiry that has been undertaken by our Standing Committee on Canadian Trade Relations into the development of trade between NATO countries, I think all readers of *Hansard* would like to see the text of the agreements printed there.

Hon. Mr. Macdonald: Honourable senators, I would be pleased to comply with the request of my honourable friend. May I point out that there is only one agreement, but that there are certain notes or letters appended to it.

Hon. Mr. Haig: They should be included in the appendix.

Hon. Mr. Macdonald: They could be included. I would support a motion to that effect.

Hon. Mr. Turgeon: Then, with leave, I move:

That a copy of the Agreement on Commerce between Canada and Japan, signed at Ottawa, March 31, 1954, including the correspondence on the Agreement and the Agreed Official Minute, be printed as an appendix to the *Official Report of the Debates of the Senate* and form part of the permanent records of this house.

The motion was agreed to.

See appendix to today's report.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: As honourable senators are aware, it has been announced that the budget will be brought down in the House of Commons on Tuesday evening next. It is customary for this house to meet on Tuesday evening, but if we did so next week I would immediately present a motion that we adjourn, in order to permit honourable senators to go to the Commons gallery and hear the budget speech. In the circumstances, I suggest that we do not reassemble next Tuesday, and if it meets with the approval of honourable senators I will now move that when the Senate rises this afternoon it stand adjourned until Wednesday afternoon next, at 3 o'clock.

The motion was agreed to.

EASTER RECESS

Hon. Mr. Roebuck: Can the honourable leader give the house any information as to the possible extent of the Easter recess?

Hon. Mr. Macdonald: It is difficult to say definitely at this time when we shall adjourn for the Easter recess. As honourable senators know, the House of Commons intends to adjourn on April 14 and reassemble on April 26. It is quite possible that the Senate will finish its work next week. The debate on the budget may continue in the House of Commons for at least one week after April 26.

Hon. Mr. Haig: You are an optimist.

Hon. Mr. Macdonald: Does my friend suggest that I am an optimist in thinking it will continue that long?

Hon. Mr. Haig: I should say it would last much longer.

Hon. Mr. Macdonald: Of course, I cannot say when the budget debate will be concluded.

Assuming we complete our work next week, I do not think we would need to reassemble until one week after the House of Commons does. However, we shall have more information next week, and as soon as I have anything definite I shall present it to the house.

Hon. Mr. Roebuck: Thank you.

Hon. Mr. Haig: May I be allowed to suggest that this house reassemble on a Tuesday instead of a Monday. It is inconvenient for honourable senators from Newfoundland and Prince Edward Island, as well as those from the West, to get here on a Monday.

Hon. Mr. Macdonald: The remarks of the Leader of the Opposition (Hon. Mr. Haig) will not be forgotten when the matter is decided. Of course, it is not for me to decide when we shall adjourn. I appreciate the confidence honourable members have placed in me, but all I can do is present my views to the house in the form of a motion.

Hon. Mr. Reid: You are too modest.

NATIONAL HARBOURS BOARD BILL

COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Transport and Communications to Bill I-13, an Act to amend the National Harbours Board Act.

Hon. Mr. Hugessen moved concurrence in the amendments.

He said: Honourable senators, before the motion is put I should perhaps say that the amendments proposed by the committee do, I think, meet completely the criticisms that were made on this bill in the debate on second reading.

The motion was agreed to.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

DIVORCE PETITIONS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce, Nos. 372 to 389, dealing with petitions for divorce.

Hon. Mr. Roebuck Chairman of the committee, moved that the reports be concurred in.

The motion was agreed to, on division.

The Senate adjourned until Wednesday, April 7, at 3 p.m.

APPENDIX

AGREEMENT ON COMMERCE BETWEEN CANADA AND JAPAN

Signed at Ottawa, March 31, 1954

The Government of Canada and the Government of Japan, desiring to strengthen the traditional bonds of friendship which unite the two countries and to facilitate further and to develop the commercial relations existing between Canada and Japan, have resolved to conclude an agreement which will regulate the commercial relations between Canada and Japan and have accordingly appointed their respective representatives for this purpose, who have agreed as follows:

Article I

1. Each Contracting Party shall accord to the other Contracting Party unconditional most-favoured-nation treatment in all matters with respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports, and with respect to the method of levying such duties and charges, with respect to the rules and formalities connected with importation or exportation, and with respect to all internal taxes or other internal charges of any kind, and with respect to all laws, regulations and requirements affecting internal sale, offering for sale, purchase, distribution or use of imported goods within the territory of such Contracting Party.

2. Accordingly, products of either Contracting Party imported into the territory of the other Contracting Party shall not be subject, in regard to the matters referred to in paragraph 1 of this Article, to any duties, taxes or charges higher, or to any rules or formalities more burdensome, than those to which the like products of any third country are or may hereafter be subject.

3. Similarly, products exported from the territory of either Contracting Party and consigned to the territory of the other Contracting Party shall not be subject, in regard to the matters referred to in paragraph 1 of this Article, to any duties, taxes, or charges higher, or to any rules or formalities more burdensome, than those to which the like products when consigned to the territory of any third country are or may hereafter be subject.

4. Any advantage, favour, privilege or immunity which has been or may hereafter be granted by either Contracting Party in regard to the matters referred to in paragraph 1 of this Article to any product originating in any third country or consigned to the territory of any third country shall be accorded immediately and without compensation to the like product originating in or consigned to the territory of the other Contracting Party, respectively, and irrespective of the nationality of the carrier.

5. The provisions of this Article relating to most-favoured-nation treatment are not applicable to exclusive advantages accorded by Canada to members of the British Commonwealth of Nations, including their dependent territories, and to the Republic of Ireland.

Article II

Either Contracting Party shall accord to the products of the other Contracting Party, which have been in transit through the territory of any third country receiving most-favoured-nation treatment from the importing country, treatment no less favourable than that which would have been accorded to such products had they been transported from their place of origin to their destination without going through the terrritory of such third country. Either Contracting Party shall, however, be free to maintain its requirements of direct consignment existing on the date of the present Agreement in respect of any goods in regard to which such direct consignment has relation to the Contracting Party's prescribed method of valuation for duty purposes.

Article III

1. No prohibitions or restrictions shall be applied by either Contracting Party on the importation of any product of the other Contracting Party, or, except as provided in legislation affecting essential security interests, on the exportation of any product

consigned to the territory of such other Contracting Party, unless the importation of the like product of all third countries or the exportation of the like product to all third countries is similarly prohibited or restricted.

2. In all matters relating to the allocation of foreign exchange, and to the administration of foreign exchange restrictions, affecting transactions involving the importation and exportation of goods, each Contracting Party undertakes to accord to the other Contracting Party unconditional most-favoured-nation treatment.

3. Both Contracting Parties recognize that the existence of balance of payments difficulties in many countries, and the widespread inconvertibility of currencies, do not permit the immediate and full achievement of non-discriminatory application of trade and exchange restrictions affecting imports. Accordingly, notwithstanding the provisions of the present Agreement, either Contracting Party may, in the application of trade or exchange restrictions affecting imports for the purpose of safeguarding its external financial position and balance of payments, temporarily deviate from the provisions of paragraphs 1 and 2 of this Article, provided that:

(a) Its restrictions shall be applied in such a way as to avoid unnecessary damage to the commercial or economic interests of the other Contracting Party.

(b) Its restrictions shall not be applied in such a way as to result directly or indirectly in discrimination as between countries which are treated as part of the United States dollar area under its exchange control regulations, or as between countries whose currencies are or become convertible in the hands of persons who are treated as non-residents under the exchange control regulations of the countries concerned.

Article IV

1. Each Contracting Party undertakes that if it establishes or maintains a state enterprise wherever located, or grants to any enterprise, formally or in effect, exclusive or special privileges, such enterprise shall, in its purchases or sales involving either imports or exports, act in a manner consistent with the principles of non-discriminatory treatment provided for in the present Agreement. To this end, subject to the provisions of Article III, such enterprise shall make any purchases or sales solely in accordance with commercial considerations including price, quality, availability, marketability and other conditions of purchase or sale, and shall afford to the enterprises of the other Contracting Party adequate opportunity in accordance with customary business practice to compete for participation in such purchases or sales.

2. The provisions of paragraph 1 of this Article shall not apply to imports of products for immediate or ultimate consumption in governmental use and not otherwise for resale or use in the production of goods for sale. With respect to such imports, each Contracting Party shall accord to the trade of the other Contracting Party fair and equitable treatment.

Article V

Each Contracting Party undertakes to conform in its trade and commerce to internationally accepted fair practices, particularly in matters relating to trade marks, marks of origin and rights under patents, and to co-operate with the other Contracting Party with a view to preventing any practices which might prejudicially affect the commerce between the two countries.

Article VI

The Government of either Contracting Party shall give sympathetic consideration to any representations which the Government of the other Contracting Party may make in respect of the implementation of the present Agreement.

Article VII

1. The present Agreement shall be ratified by both Contracting Parties and shall enter into force on the date of the exchange of the instruments of ratification which shall take place in Tokyo.

2. The present Agreement shall continue in effect for a period of one year from its entry into force and thereafter until three months from the day on which either Contracting Party shall have given notice to the other Contracting Party of an intention of terminating the Agreement.

In witness whereof the representatives of the two Governments, duly authorized for the purpose, have signed the present Agreement.

Done at Ottawa this thirty-first day of March 1954, in duplicate in the English and Japanese languages, both equally authentic.

For Canada:
C. D. HOWE,
L. B. PEARSON.

For Japan:
KOTO MATSUDAIRA.

OTTAWA, 31st March, 1954

Your Excellency,

With reference to the Agreement on Commerce between Japan and Canada signed today, I have the honour to inform Your Excellency that the most-favoured-nation provisions of the said Agreement shall not apply to advantages accorded or to be accorded hereafter by Japan to such areas as set forth in Article 3 of the Treaty of Peace with Japan signed at the city of San Francisco on September 8, 1951, as long as the situation set forth in the second sentence of the said Article continues with respect to the administration, legislation and jurisdiction over those areas.

I have further the honour to request Your Excellency to be good enough to confirm the foregoing understanding on behalf of your Government.

I avail myself, Excellency, of this opportunity to renew assurances of my highest consideration.

KOTO MATSUDAIRA,
Ambassador of Japan.

The Honourable L. B. Pearson,
Secretary of State for External Affairs,
Ottawa.

OTTAWA, 31st March, 1954

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note dated March 31, 1954 which reads as follows:

"With reference to the Agreement on Commerce between Japan and Canada signed today, I have the honour to inform Your Excellency that the most-favoured-nation provisions of the said Agreement shall not apply to advantages accorded or to be accorded hereafter by Japan to such areas as set forth in Article 3 of the Treaty of Peace with Japan signed at the city of San Francisco on September 8, 1951, as long as the situation set forth in the second sentence of the said Article continues with respect to the administration, legislation and jurisdiction over those areas.

I have further honour to request Your Excellency to be good enough to confirm the foregoing understanding on behalf of your Government".

On behalf of the Government of Canada I have the honour to confirm the understanding stated in Your Excellency's Note with respect to the application of the Agreement on Commerce signed today to the areas specified in Article 3 of the Treaty of Peace with Japan.

I avail myself, Excellency, of this opportunity to renew assurances of my highest consideration.

L. B. PEARSON,
Secretary of State for External Affairs.

His Excellency Koto Matsudaira,
Ambassador of Japan,
Ottawa.

OTTAWA, 31st March, 1954

Your Excellency,

On the occasion of signing the Agreement on Commerce between Canada and Japan, I have the honour to inform Your Excellency that the Government of Canada reserves the right to establish values for ordinary and special duty purposes in the following terms:

1. If, as a result of unforseen developments and of the effect of the obligations incurred by Canada under the aforesaid Agreement, any product is being imported into its territory in such increased quantities and under such conditions as to cause or threaten serious injury to the domestic producers in its territory of like or directly competitive products, Canada will be free, in respect of such product, and to the extent and for such a time as may be necessary to prevent or remedy such injury, to establish values for ordinary and special duty purposes.

2. In determining whether values should be established in respect of any product pursuant to paragraph 1 and in determining the level at which such values should be established, Canada will take into account the prices of like or directly competitive products, if any, being imported at that time from other countries.

3. Before Canada takes action pursuant to paragraph 1, it will give notice in writing to Japan as far in advance as may be practicable and will afford the latter an opportunity to consult with it in respect of the proposed action. In critical circumstances, where delay would cause damage which it would be difficult to repair, action under paragraph 1 may be taken provisionally without prior consultation, on the condition that consultation shall take place immediately after taking such action.

I have the honour to state further that in the view of the Government of Canada these provisions are consistent with the General Agreement on Tariffs and Trade and that the Government of Canada will regard these provisions as continuing to be applicable in the event that the General Agreement on Tariffs and Trade is applied between Canada and Japan.

I avail myself, Excellency, of this opportunity to renew assurances of my highest consideration.

L. B. PEARSON,
Secretary of State for External Affairs.

His Excellency Koto Matsudaira,
Ambassador of Japan,
Ottawa.

OTTAWA, 31st March, 1954

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note dated March 31, 1954, which reads as follows:

"On the occasion of signing the Agreement on Commerce between Canada and Japan, I have the honour to inform Your Excellency that the Government of Canada reserves the right to establish values for ordinary and special duty purposes in the following terms:

1. If, as a result of unforseen developments and of the effect of the obligations incurred by Canada under the aforesaid Agreement, any product is being imported into its territory in such increased quantities and under such conditions as to cause or threaten serious injury to the domestic producers in its territory of like or directly competitive products, Canada will be free, in respect of such product, and to the extent and for such a time as may be necessary to prevent or remedy such injury, to establish values for ordinary and special duty purposes.

2. In determining whether values should be established in respect of any product pursuant to paragraph 1 and in determining the level at which such values should be established, Canada will take into account the prices of like or directly competitive products, if any, being imported at that time from other countries.

3. Before Canada takes action pursuant to paragraph 1, it will give notice in writing to Japan as far in advance as may be practicable and will afford the latter an opportunity to consult with it in respect of the proposed action. In critical circumstances, where delay would cause damage which it would be difficult to repair, action under paragraph 1 may be taken provisionally without prior consultation, on the condition that consultation shall take place immediately after taking such action."

I have the honour to state that the Government of Japan recognizes that in the application of the Agreement on Commerce signed this day, the Government of Canada has the right to establish values for ordinary and special duty purposes in accordance with the terms set forth in Your Excellency's Note referred to above. The Government of Japan concurs in the view that the provisions set forth in Your Excellency's Note are consistent with the General Agreement on Tariffs and Trade. The Government of Japan will also regard these provisions as continuing to be applicable in the event that the General Agreement on Tariffs and Trade is applied between Japan and Canada.

I avail myself, Excellency, of this opportunity to renew assurances of my highest consideration.

KOTO MATSUDAIRA,
Ambassador of Japan.

The Honourable L. B. Pearson,
Secretary of State for External Affairs,
Ottawa.

OTTAWA, 31st March, 1954

Your Excellency,

With reference to the Agreement on Commerce between Japan and Canada which has been signed today, I have the honour to state that notwithstanding the provisions of paragraph 3 of Article III which permit certain temporary deviations from the provisions of paragraphs 1 and 2 of this Article, the Government of Japan undertakes to accord unconditional non-discriminatory treatment with respect to the importation into Japan of the nine commodities listed below, subject to exceptions agreed upon between the Government of Japan and the Government of Canada.

Wheat
Barley
Woodpulp
Flaxseed
Primary Copper
Lead in Pigs
Zinc Spelter
Synthetic Resins
Milk Powder

I avail myself, Excellency, of this opportunity to renew assurances of my highest consideration.

KOTO MATSUDAIRA,
Ambassador of Japan.

The Honourable L. B. Pearson,
Secretary of State for External Affairs,
Ottawa.

Ottawa, 31st March, 1954.

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note dated March 31, 1954 which reads as follows:

"With reference to the Agreement on Commerce between Japan and Canada which has been signed today, I have the honour to state that notwithstanding the provisions of paragraph 3 of Article III which permit certain temporary deviations from the provisions of paragraphs 1 and 2 of this Article, the Government of Japan undertakes to accord unconditional non-discriminatory treatment with respect to the importation into Japan of the nine commodities listed below, subject to exceptions agreed upon between the Government of Japan and the Government of Canada.

Wheat
Barley
Woodpulp
Flaxseed
Primary Copper
Lead in Pigs
Zinc Spelter
Synthetic Resins
Milk Powder".

I have the honour to state that the Government of Canada is pleased to note this undertaking of the Government of Japan concerning non-discriminatory treatment with respect to the importation into Japan of the commodities listed.

I avail myself, Excellency, of this opportunity to renew assurances of my highest consideration.

L. B. PEARSON,
Secretary of State for External Affairs.

His Excellency Koto Matsudaira,
Ambassador of Japan,
Ottawa.

AGREED OFFICIAL MINUTE

With reference to Article III of the Agreement on Commerce signed today between Canada and Japan, and with reference to the Note of the Government of Japan concerning the accordance of unconditional non-discriminatory treatment with respect to the importation into Japan of nine commodities, it is understood that the obligation incurred by each Contracting Party is only towards the other Contracting Party and that these commitments create no new obligations towards third countries.

It is also understood with respect to the application of the Agreement on Commerce including the Exchanges of Notes signed today between Canada and Japan that the Agreement and the Notes will continue to be applicable in the event that the General Agreement on Tariffs and Trade is applied between Canada and Japan.

For Canada:
L. B. PEARSON

For Japan:
KOTO MATSUDAIRA

THE SENATE

Wednesday, April 7, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Bradley (for the Chairman of the Standing Committee on Divorce) presented the following bills:

Bill J-14, an Act for the relief of Mary Joy Thomson Asselin.

Bill K-14, an Act for the relief of Ronald Arthur Leslie.

Bill L-14, an Act for the relief of Lucienne Saint-Laurent Calve.

Bill M-14, an Act for the relief of Roberta Barbara Shvemar Feigelman.

Bill N-14, an Act for the relief of Pearl Marie Neil Lane.

Bill O-14, an Act for the relief of Marjorie May Price Amory.

Bill P-14, an Act for the relief of Marie Jeannette Laure Lafreniere Lucas.

Bill Q-14, an Act for the relief of Frances Goldberg Glegg.

Bill R-14, an Act for the relief of Thelma Nellie McKeage Patrick.

Bill S-14, an Act for the relief of Madeleine Roy Julien.

Bill T-14, an Act for the relief of Louis Tothe.

Bill U-14, an Act for the relief of Joseph Delphis Guillaume Delorme.

Bill V-14, an Act for the relief of Nicolas Joseph Ladislas Barath.

Bill W-14, an Act for the relief of Ferencz Gyula Babinszki.

Bill X-14, an Act for the relief of Beatrice Alexandra Duff Sheppard.

Bill Y-14, an Act for the relief of Remi Charbonneau.

Bill Z-14, an Act for the relief of Kathleen Florence Pippy Hayward.

Bill A-15, an Act for the relief of Fred Skiffington.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Bradley: With leave, next sitting.

83280—28½

PATRICK DIVORCE PETITION

REFUND OF FEES

Hon. Mr. Howden: Honourable senators, with leave, I move:

That the fees paid upon the petition of Thelma Nellie McKeage Patrick for a Bill of Divorce be refunded to the petitioner, less the sum of $50 to apply on printing and translation costs.

If a word of explanation is in order, I may say that the petitioner in this case, in her evidence before the divorce committee, swore that her husband never brought his earnings into the home, and that she had had to depend on her own industry and ability to meet the needs of herself and her child. The petition, as it came to us, had the fees for printing and translation fixed at $125, which is the usual amount for persons in distressed circumstances. The committee felt, however, that the fees payable by this petitioner should be reduced to $50, and it so recommended.

The motion was agreed to.

NORTH ATLANTIC TREATY ORGANIZATION

DISTRIBUTION OF REPORT

On the orders of the day:

Hon. Mr. Macdonald: Honourable senators, may I refer to a matter which was raised by the honourable senator from New Westminster (Hon. Mr. Reid) a couple of weeks ago? He asked me if I would endeavour to obtain for all members copies of the five-year report of NATO, and on March 25 I told him I thought that this report would be ready by about the time of the organization's fifth anniversary, April 4. Honourable senators will recall that on Sunday last the founding of NATO was celebrated by Canada at a ceremony on Parliament Hill. The report has not yet been prepared. However, it is expected to be ready for distribution when NATO meets, later on this month, and I have been reasonably assured that we shall be able to obtain a sufficient number of copies for all members of this house.

MAGAZINE ARTICLE

QUESTION OF PRIVILEGE

Hon. Mr. Horner: Honourable senators, on a question of privilege, I rise to speak on a matter that is of some concern to me: it is the position that I am placed in by a certain article written by Blair Fraser in *Maclean's* magazine. He states there that of the seven opposition members in this chamber, only one is under seventy years of age. That is not correct.

Another statement that he makes deals with the appointment of members to the Senate. He states that the only time a Prime Minister appointed a political opponent to the Senate was when Sir John A. Macdonald appointed John Macdonald. This magazine writer surely should know that Viscount Bennett appointed to the Senate the late Patrick Burns, a life-long Liberal. And I might add, with reference to the age limit of seventy-five that we hear proposed from time to time, that at the time of his appointment Senator Burns was seventy-five years old; and I consider that during the few years he was here he rendered a very useful service and was a valuable member of this chamber.

Some Hon. Senators: Hear, hear.

OPIUM AND NARCOTIC DRUG BILL

SECOND READING

The Senate resumed from Thursday, March 25, the adjourned debate on the motion of Hon. Mr. Gershaw for the second reading of Bill K-13, an Act to amend the Opium and Narcotic Drug Act.

Hon. Thomas Reid: Honourable senators, in speaking to this bill I want at the outset to say that I approach not only the bill but the matter of narcotic drugs with some diffidence, realizing the many complexities of the subject and the great problem it has become, not only internationally, but nationally. From information and personal observation, I am of the opinion that, generally speaking, the people of Canada have taken little interest in this very grave problem of an addiction which is undermining the lives of thousands of young Canadians, and from which, doctors tell me, there is practically no release but death. Without delaying too long my remarks on the bill, I would like to place on the record some pertinent information relating, first, to the history of the drug, and then to the international aspects of this matter; for although nationally we are very much concerned with the effects of this evil trade, particularly in certain cities, we cannot overlook the fact that it is intertwined with international ramifications, of which I shall speak in a few moments.

The drug traffic has been termed "murder on the instalment plan"; and at this point I wish to support the recommendation made by the honourable senator from Victoria (Hon. Mrs. Hodges) that the death penalty should be inflicted on the higher-ups among the traffickers in these drugs who are undermining, for money, the souls and bodies of many of our young people.

Almost since time immemorial the poppy has been the symbol of sleep and death. The Babylonians were the first to spread knowledge of its use, first to Persia, and then westward to Egypt. Arabic doctors used opium freely, and until the twelfth century it was used largely for medicinal purposes. From India, China first obtained opium, and the trade in the drug, fostered in the eighteenth century by the famous, or infamous, East India company, culminated in the so-called "Opium War" between China and Great Britain in 1842.

Coming to our own time: in the early thirties Japan, after invading China, used opium and the entire poppy plant as a weapon of war to demoralize the Chinese people. Tientsin became a drug-ridden city in 1937. It has been estimated that one-eighth of the population of Nanking was poisoned by narcotic drugs as a result of a program carried out by the Japanese when they occupied that part of China. Even more startling is the fact that the narcotic drug trade has now been turned against Japan by Communist China, the world's largest shipper of opium and heroin. This trade is providing huge sums of money for Communist China's war chest, and the drugs are being used to demoralize the Japanese people and United States military personnel. It has been estimated—this information comes from a committee of the United Nations—that one shipment alone was valued at 20 million U.S. dollars.

Most of the illicit traffic in narcotic drugs to North America emanates from Hong Kong. One just wonders why Communist China has never interfered with British control of Hong Kong, for evidently the Chinese Reds have been using that port for their own benefit and for the evil purposes of the opium trade. Opium is also shipped in great quantities from Italy.

It has been estimated that 26,000 pounds of opium were smuggled into the United States during the years 1948 to 1952. This information, which also comes from the United Nations, has to do only with known quantities. It must be realized that a considerable quantity of the opium that comes into the United States finds its way eventually into Canada, for international boundaries present no obstacles to traffickers in narcotic drugs.

At this time I should like to give some credit to the United Nations for having done much to control international traffic in narcotic drugs. It was in 1909, some forty-five years ago, at a conference held in Shanghai, that steps were first taken to control traffic in narcotic drugs on an international basis. Later on, the League of Nations took steps

to control this traffic, and at the Geneva Convention of 1925 sixty-two countries signified their willingness to do everything possible to suppress the opium trade. A limiting convention was set up in 1931, and in 1952 a commission was established under the United Nations. I wish to commend highly the United Nations for the work it has done in carrying out the program started in 1909 in an effort to control this nefarious trade. Great progress is being made. As honourable senators know, Canada is represented on the commission by Mr. K. C. Hossick, Chief of Narcotic Control, Department of National Health and Welfare, who has been working valiantly and exhaustively in an effort to control the narcotic traffic.

I think I should point out that if it were not for the use of drugs in medical therapy, decent people everywhere would never tolerate its continued production. So that the picture will be clear to honourable senators, I might mention that narcotic control is concerned with three most important drugs. One is cocaine, which comes mostly from Peru. Doctors state that, as a local anesthetic, cocaine has certain dangerous characteristics. It is largely used in Peru and other countries where impoverished conditions prevail, because the intake of cocaine diminishes hunger and lessens fatigue. Cocaine has been found useful when allowed to labourers working in the high altitudes of Peru. Another drug is marihuana, which is made from hemp. This drug has no medicinal value, and its consumption is always an abuse and a vice. Three countries actually allow its use: India, Tunisia and Morocco. The third drug I refer to is opium and its derivatives. Opium is obtained from the poppy plant; its use in medicine and surgery is well-nigh indispensable. Morphine, a derivative of opium, is administered by doctors principally to alleviate pain. The use of this drug has given an enormous impetus to drug trafficking on the North American continent.

I would like to quote from the Report of the Royal Canadian Mounted Police, for the fiscal year ended March 31, 1953, at page 19:

> There is no indication of any lessening of the illicit traffic in narcotic drugs, as the total number of arrests made by members of the Force for violations of the Opium and Narcotic Drug Act is the highest it has been for several years. A concentration of addicts in the Vancouver area has led to more intensive enforcement efforts on the West Coast; this accounts to a great degree for the rise in the figures covering arrests. There were 495 arrests made this year against 444 for the previous period.
>
> Heroin continues to be, with few exceptions, the only drug encountered in the illicit traffic. The price to the addict fluctuates slightly in the larger centres, the current price ranging from $3 to $3.50 per capsule in Eastern Canada to $5 on the West Coast and $15 in Edmonton.
>
> Following the widespread publicity given to drug addiction among teen-age groups in the United States some concern was felt that a similar situation might exist in Canada. So far there has been no suggestion of such a trend developing in this country; except for one or two isolated instances there has been no indication of teen-age persons resorting to the use of narcotic drugs.
>
> A joint investigation by the Vancouver City Police and this Force resulted in a number of persons being charged under the Opium and Narcotic Drug Act for having furnished drugs to several teen-agers. Seven accused persons, including one woman, were convicted, the penalties imposed ranging from five to seven years in prison and fines up to $1,000. In addition, six of those convicted were sentenced to be whipped. The imposition of whippings by the courts for violation of the Drug Act is rare and is an indication of the serious view taken of the supplying of drugs to young people.

Before I pass on to other information which I have, may I say that I think every commendation should be given to the R.C.M.P., whose officers are working under great difficulties in an endeavour to enforce the act. But in spite of all their endeavours it would appear, as the report indicates, that drug addiction and trafficking is on the increase.

The honourable senator from Medicine Hat (Hon. Mr. Gershaw), who explained the bill now before us, outlined the effects of the use of drugs and gave instances of the prices paid by addicts. I do not propose to touch on that phase of drug traffic, for I believe it was well covered by the honourable gentleman. However, I do take mild exception to his suggestion that not many drugs are smuggled into jails for the use of inmates. I have a news item before me—in fact, I have several along the same line—headed "Oakalla dope smuggling not uncommon, says M.D." It reads:

> Dr. R. G. E. Richmond, physician at Oakalla Prison Farm, told a coroner's jury Thursday it is not uncommon for prisoners to smuggle dope into the jail.
>
> "Heroin gets in no matter how thoroughly prisoners are searched," Dr. Richmond testified at an inquest into the death of prison inmate Mrs. Elizabeth Wood, 33, mother of three children under 14 years.

From information I have received it seems almost impossible to prevent prisoners from securing drugs. They can be concealed in many ways. I have before me the story of an eighteen-year-old girl who testified against a person who sold her drugs. She said he met her on the street, importuned her and came back with a drug capsule concealed under his tongue. One can readily appreciate how difficult, if not impossible, it is to check everybody who goes in and out of jails. As we know, drugs are in great demand in jails, and they can be concealed not only in books and other articles but in parts of the body.

Some doctors to whom I have spoken tell me there is no cure for drug addiction, and

that the problem of drug trafficking is increased by a tightening up of the law. In this kind of trade a tightening up of the law has the effect of making drugs more difficult to procure and thus raising prices to the users. Dope peddlers then merely raise their prices. As is well known, any person who starts to use drugs needs a little bigger dose each time to satisfy him; so the more drugs he needs, the more money he has to have to spend for them.

Last fall, just before returning to Ottawa to attend the present session of parliament, I was told by the Chief of Police of Vancouver that 90 per cent of all the young offenders who passed through his hands were dope users. I should perhaps point out that there are three types of persons involved in this business: the addict, the user-addict and the trafficker. Not all peddlers use dope, but those who do so have to increase their sales in order to keep up with their own personal needs.

After looking over the act, I would suggest that the bill before us should contain even stiffer penalties than those it sets forth.

I should like to place before honourable senators some recommendations made by the Standing Committee on Prevention of Narcotic Addiction, of the Community Chest and Council of Greater Vancouver, in a brief to the Minister of Health and Welfare. One is to the effect that clinics should be set up under government supervision where addicts could be supplied with drugs at, say, 25 cents per capsule or some other nominal price. Under such an arrangement drug traffickers, the committee claimed, would be eliminated. Last session when I spoke to the Senate on this subject I was of the opinion that that recommendation offered a solution to the problem. However, after looking into the situation a little more thoroughly, I am not so sanguine about this as I was a year ago.

The committee recommends amendments for:

> Making a clear distinction among (a) the addict who possesses drugs only for his own use; (b) the addict who sells small quantities either to secure money for his own supply or to help a friend's need; (c) the trafficker who may or may not be an addict but whose chief motive is profit.

This organization believes, and I thoroughly agree with it, that a drug addict should be treated as a medical problem and not as a criminal. There came before me last year the case of a man returning from the United States, a Canadian citizen who was a drug addict, not a trafficker. He was caught with a very small quantity of drugs in his car, prosecuted, found guilty, given a jail sentence, and his car was taken away from him. Now, I do not think we will ever cure the evil by prosecuting addicts, sending them to jail and perhaps making criminals out of them. I want to say to honourable members of the Senate as emphatically as I can that going to jail does not always prevent a man from obtaining drugs. When a person who innocently or otherwise has become an habitual user of drugs and needs them, is caught and taken before a court of justice, I believe we are not going to solve his problem at all by fining him or sending him to jail or taking his car away from him.

The committee's recommended amendments continue:

> The addict should be treated as a medical problem. The condition under which he is entitled to possession of drugs should be clearly defined and any possession apart from that permitted by the act should constitute an offence.
>
> Comparatively light penalties, with room for judicial discretion for addicts who are traffickers in a minor way only.
>
> Drastically increased penalties for those who are traffickers only or chiefly.

These proposed changes, which are not in the bill before us, are I think well worthy of our consideration.

May I quote further from the committee's brief:

> Sections 6 and 16 of the act, in relation to the burden placed upon physicians, should be clarified so that the right of a physician to treat an addict for his addiction shall not be in doubt.
>
> Section 6 of this act provides that it is unlawful for a physician, veterinary surgeon or a dentist to prescribe, administer, give, sell, or furnish drugs as defined in the act except for medicinal purposes. The words "physician", "veterinary surgeon", "dentist" are separately defined in section 2 of the act.
>
> Section 16 subsection (2), states "It is no defence to a physician charged with an offence under section 6 that he did give, sell, furnish or prescribe any drug to an habitual user for self-administration, unless such habitual user was suffering from a diseased condition caused otherwise than by excessive use of any drug".
>
> It will be noted that this restriction in the physician's defence does not apply to dentists and veterinary surgeons. "Habitual user" is not defined in the act, and until there is such a definition a physician would have to take the risk of deciding whether his patient was an "habitual user". The term "for medicinal purposes" is not adequately defined. The right of a physician to administer narcotics to an addict during the course of treatment of his addiction by a gradual withdrawal program is still disputed by legal authorities.

It has been pointed out to me by druggists that they, the druggists, are carefully checked in their handling of narcotic drugs, but that there is no such check on doctors. I am only giving you the word of the druggists on this. They tell me that a doctor or a nurse or doctor's helper can hand out drugs, and very often no record is kept of them, but

that an official from the department comes around and checks every druggist's records very carefully with the object of seeing that he had a prescription from a doctor for every dispensation of drugs. Certain druggists have pointed out to me that a doctor, when giving drugs to an addict, does not have to write out any prescription if the doctor himself administers or gives the drug.

Hon. Mr. Howden: Doctors' prescriptions are all counted, and if in any instance they are numerous the matter is taken up with the doctor.

Hon. Mr. Reid: The remark of the honourable senator from St. Boniface (Hon. Mr. Howden) prompts me to say now something which I was going to say at the end of my speech. The problem or evil of narcotic drug addiction in certain cities of Canada is so serious as to warrant the giving of much time and thought to an investigation of this matter by the Senate, and that cannot very well be done when we are discussing a bill of this kind, which will simply go to committee where some official will come along and give certain information, after which the bill will be brought back here and passed. That may be all very well when we are dealing with certain types of bills; but in a matter as serious as this one is, and which is becoming more serious, I would suggest that the Leader of the Government (Hon. Mr. Macdonald) carry a message to the government suggesting that some time before long a special committee should be set up at which witnesses from all over Canada can be heard on this matter. This evil is not going to become less; in my opinion it is going to increase.

Hon. Mr. Macdonald: I hesitate to interrupt the honourable senator, but I want to assure him immediately that I will be very glad to take his message to the government.

Hon. Mr. Kinley: I presume this bill will go to committee?

Hon. Mr. Macdonald: Yes, I presume this bill will go to committee. If it is the wish of the house, of course, it will go.

Hon. Mr. Reid: If further consideration were to be postponed until we could obtain evidence from certain cities on this evil, I would be in accord with that; but my understanding is that the committee would like to have the bill for consideration tomorrow morning, so that it may be returned to the Senate in the afternoon and sent over to the House of Commons.

Hon. Mr. Macdonald: If that procedure is followed it will not interfere with my honourable friend's suggestion. We could still go on with the special committee which he proposes, if that is acceptable.

Hon. Mr. Reid: I would very much like to see that done.

Hon. Mr. Haig: That would be the best way to do it.

Hon. Mr. Reid: I believe that the seriousness of this whole question calls for the setting up of a committee of that kind.

Now I come to the need for treating the addict as a patient, as one who should receive our sympathy rather than a jail sentence. I will quote another authority. He is Mr. R. S. S. Wilson, a former superintendent of the R.C.M.P., with which he was connected for many years. In the Vancouver *Province,* of August 18, 1952, he says:

> It is the opinion of the writer that the Opium and Narcotic Drug Act should be amended to provide that a drug addict, after certification as such by three physicians, must be committed for a period of not less than ten years to a narcotic hospital operated by the federal government.
>
> If we are prepared to accept the proposition that there is a close similarity between insanity and narcotic addiction, then we should be willing to take the next step and provide the necessary legislation for the enforced committal and control of the drug addict.

Now, just one word regarding our jails. It is all very well to read that someone has been sentenced to six months at hard labour. I ask how many honourable senators have taken the time to go and visit voluntarily—I say voluntarily—the jails and penetentiaries of this country. I have taken the time to do so; and I have come to the conclusion that today many of our jails are regarded as splendid "rest homes" by not a few criminals, and that they have a fine time there. I hope that when the Criminal Code comes before us the term "hard labour" will have been deleted, because hard labour is a thing of the past; the expression means nothing at all. There is now a psychiatric service in prisons, and it would be enlightening to some honourable senators and others to hear the opinions with regard to psychiatrists expressed by some of these hardened criminals. The fact is that offenders of this type will not hesitate to commit some crime so that they may return to an institution in which they are well fed and carefully looked after, and are even able to get drugs. This is an aspect of the matter which, I think, should be looked into.

The situation, in short, is such as to require action on all levels of government—municipal, provincial and federal—as well as international co-operation. Only by concerted

effort of this kind can we hope to stamp out drug addiction and the vicious traffic which flourishes on it.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: If it is the wish of the house, I will move that the bill be sent to a committee.

Hon. Mr. Haig: I suggest that it go to committee, and if I may be permitted, although I should have mentioned this before, I will give my reason. We have listened to three very fine speeches, one by the honourable senator from Medicine Hat (Hon. Mr. Gershaw), who moved the second reading; one by the honourable senator from Victoria (Hon. Mrs. Hodges); and, today, one by the honourable senator from New Westminster (Hon. Mr. Reid). I hope that this bill will be sent to committee, and that it will not be used as the vehicle of an investigation of the narcotic drug business. My suggestion is that, either during this session or at the beginning of the next, a resolution be placed on the order paper to deal with this subject, and that a committee be appointed to summon the necessary witnesses and make a proper investigation. To the new members of this house I say that my memory goes back to a time when there was considerable controversy about procedure under the income tax law. In this house, by special resolution, a committee was formed to investigate the Income Tax Act, and as a result of their labours the law was subsequently amended by parliament and made much more workable. I am in sympathy with the views expressed by the honourable member from New Westminster and the honourable member from Victoria. I entirely agree that this is a subject we are well qualified to investigate, and by so doing we would render a real service to Canada. But I would not want to tie up the matter of an investigation with the passing of this bill.

Hon. Mr. Macdonald: I agree with the honourable Leader of the Opposition (Hon. Mr. Haig) that we have had three excellent speeches in connection with this bill.

On motion of Hon. Mr. Macdonald, the bill was referred to the Standing Committee on Public Health and Welfare.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 8, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

OPIUM AND NARCOTIC DRUG BILL

REPORT OF COMMITTEE

Hon. Mr. Veniot, Chairman of the Standing Committee on Public Health and Welfare, presented the report of the committee on Bill K-13.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Public Health and Welfare, to whom was referred the Bill (K-13), intituled: "An Act to amend the Opium and Narcotic Drug Act", have in obedience to the order of reference of April 7, 1954, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Veniot: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

TELEVISION STATIONS AND PROGRAMS

INQUIRY AND ANSWER

Hon. Mr. Macdonald: Honourable senators will recall that a short time ago the honourable gentleman from New Westminster (Hon. Mr. Reid) asked me certain questions regarding television stations and programs. I now have the answers to these questions. As a number of honourable senators have spoken to me about the inquiry and have expressed their interest in it, I might as well read the questions and answers.

The first question was:

How many television stations are in operation at the present time?

The answer to that question is: Nine television stations are in operation at the present time.

The second question was:

How many of these stations are under the C.B.C?
(a) How many private television stations have been established and in what cities and provinces are these stations located?

The answer to the first part of that question is that five of these stations are under the C.B.C. The answer to the second part of the question is: Four private television stations have been established, and they are located at Sudbury, Ontario; London, Ontario; Kitchener, Ontario, and Saint John, New Brunswick.

The third question was:

Of the programs put over the C.B.C.'s television stations, what proportion of these programs emanate or come from the United States:
(a) What proportion of the programs emanate or come from Great Britain?

The answer to that question is: An average sample week for the basic network service shows approximately 30 per cent of the programs originated in the United States, and approximately 3 per cent in Great Britain.

The fourth question was:

What has been the total cost to date of constructing and setting up the various television stations by the C.B.C.?

The answer to that question is: The amounts paid out for supply and construction of C.B.C. television stations, up to February 28, 1954, totalled $6,484,543.

The fifth question was:

What has been the cost to date of the various television programs put over C.B.C. stations?

The answer to that question is: The cost of television operations for the fiscal year 1952-53 was $2,914,882 as indicated in the annual report of the corporation. The amounts paid out from April 1, 1953, to February 28, 1954, for operation of the television program service were $5,450,362.

Hon. Mr. Euler: If I am in order I should like to ask the Leader of the Government (Hon. Mr. Macdonald) a question. He stated that four private television stations have been established in Canada. Is it the policy of the government or the C.B.C. to permit an individual or single corporation to operate more than one television station?

Hon. Mr. Macdonald: At the moment I am not in a position to answer the question, but I will endeavour to get the information. I am sure the honourable senator from Waterloo (Hon. Mr. Euler) and every other honourable member will appreciate that I am not familiar with all the details of the C.B.C.'s policy regulations.

Hon. Mr. Euler: I know it has been the policy of the corporation to issue not more than one licence to any one person or any one organization. That policy has not been carried out, but has been violated.

Hon. Mr. Macdonald: That will answer the question, then.

Some Hon. Senators: Oh, oh!

Hon. Mr. Euler: It is an accusation of lack of good faith on the part of either the corporation or the government, and the leader can take his choice.

Hon. Mr. Macdonald: All I can say to the honourable senator is that if I am able to obtain any additional information beyond that which he has given, I will do so and report it to the house.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. Macdonald: Honourable senators, when the business of the day has been completed there will remain on the order paper nothing but a motion that this house approve the Agreement on Commerce between Canada and Japan, of which motion I gave notice on April 7. Apart from the Criminal Code, it is not expected that any legislation would come over from the House of Commons before the Eastern adjournment. I am hopeful that the code will receive third reading in that house within the next few days. It would then come to us and receive first reading; but there would not be time to proceed with the second reading, under our rules, until after the Easter recess. As we all know, the Criminal Code is a voluminous bill, and it occurs to me that honourable senators will want to devote considerable study to it, especially to any changes made since the bill left this house a little more than a year ago. When we reassemble after the recess, we could, with unanimous consent, proceed with the second reading of the bill without the customary two days' notice. Therefore, my suggestion would be, and I so move, that when the Senate rises today it stand adjourned until Tuesday, May 4, at eight o'clock in the evening. I hope that I will have the approval of the house at that time to proceed immediately with the second reading of the Criminal Code Bill.

Hon. Mr. Crerar: Honourable senators, may I inquire if it is the intention of the honourable leader to have the Criminal Code Bill considered in committee of the whole house or referred to the Banking and Commerce Committee?

While I am on my feet may I make an observation? When the code was before this house in a previous session it was referred to the Banking and Commerce Committee, and was dealt with in great detail by a subcommittee of that committee, which suggested changes that were incorporated in the bill before it was passed here. The bill is a lengthy one, and it seems to me that the interests of the public could best be protected and the legislation could best be handled, by referring the bill to the same standing committee and the same subcommittee which dealt so thoroughly with the previous bill. The subcommittee was composed of eminent lawyers with wide experience in the practice of criminal law. I have no particular knowledge on this subject, and for my part I would be prepared to accept the judgment of that subcommittee.

Hon. Mr. Macdonald: In reply to the honourable senator from Churchill (Hon. Mr. Crerar), may I say that it is for the house to decide whether the bill should be considered in the committee of the whole or in the Standing Committee on Banking and Commerce. If the house agreed with his suggestion that the bill be referred to the Banking and Commerce Committee, it would then be for the committee to decide whether it should be considered section by section or referred to a subcommittee.

The motion was agreed to.

NATIONAL HARBOURS BOARD BILL

THIRD READING

Hon. A. K. Hugessen moved the third reading of Bill I-13, an Act to amend the National Harbours Board Act.

He said: Honourable senators, perhaps I should indicate to the house the changes which have occurred in this bill since it was before us on second reading, when some discussion took place and criticisms were made of one or two sections of the bill as it then stood.

The bill was referred to the Standing Committee on Transport and Communications where, with the assistance of our own Law Clerk and the counsel for the National Harbours Board, the bill was studied very carefully. Particular attention was paid to those sections which formed the subject of discussion on the second reading, the most important of which was perhaps subsection (1) of the new section 4A, empowering the National Harbours Board to appoint police constables, with the power of peace officers, for the protection of property and persons on harbour premises within the jurisdiction of the board. That particular subsection extended the powers of police officers so appointed to an area not more than fifty miles distant from the property of the board.

The reason given to us for that amendment was that cases have occurred in which property has been stolen from National Harbours Board premises and secreted some few miles away, and that it was desired to give the police officers appointed by the board power to go within fifty miles of the board premises for the purpose of following stolen property. The committee considered the

matter and unanimously agreed that was a reasonable proposal; therefore, no major change was made in that subsection.

Subsection 2 of that new section, dealing with the power of these police officers, received a good deal of criticism on second reading, particularly as to the provision that a police officer so appointed could take a person charged with an offence with respect to National Harbours Board property before any court possessing jurisdiction in such cases in any area in which property under the administration of the board was located. It was clearly pointed out in the debate on second reading that this subsection theoretically might mean, for instance, that a person charged with having committed such an offence in Montreal could be tried on that charge in Vancouver.

During the discussion in committee, the reason for this seemingly unreasonable provision was explained in this way: National Harbours Board property, in the case of a number of harbours, extends over a good many magisterial jurisdictions, and when an offence has been committed it is sometimes difficult to be precise as to what is the proper jurisdiction. That may be a logical excuse for seeking a provision of this kind; nevertheless, the committee felt that the wording of the subsection went much too far. The committee therefore proposed an amendment, which is incorporated in the bill as it now comes before the house on the third reading, which limits the jurisdiction of the court. Perhaps I should read the amendment:

but no court shall so deal with such person if the act or omission is alleged to have occurred outside the province or at a place more than fifty miles distant from the place where the court is sitting.

In other words, we limited the jurisdiction of a court to deal with an offence of this kind: the court must be within fifty miles of the place where the offence was alleged to have been committed and in the same province. That was the principal amendment which was made to the bill in committee.

There were a number of other amendments of a more or less minor character. Having regard to the discussion which took place on this bill on second reading I thought that an explanation was due to the Senate of the changed form in which the bill now comes before us on third reading.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Bradley (for the Chairman of the Standing Committee on Divorce) moved the second reading of the following bills:

Bill J-14, an Act for the relief of Mary Joy Thomson Asselin.

Bill K-14, an Act for the relief of Ronald Arthur Leslie.

Bill L-14, an Act for the relief of Lucienne Saint-Laurent Calve.

Bill M-14, an Act for the relief of Roberta Barbara Shvemar Feigelman.

Bill N-14, an Act for the relief of Pearl Marie Neil Lane.

Bill O-14, an Act for the relief of Marjorie May Price Amory.

Bill P-14, an Act for the relief of Marie Jeannette Laure Lafreniere Lucas.

Bill Q-14, an Act for the relief of Frances Goldberg Glegg.

Bill R-14, an Act for the relief of Thelma Nellie McKeage Patrick.

Bill S-14, an Act for the relief of Madeleine Roy Julien.

Bill T-14, an Act for the relief of Louis Tothe.

Bill U-14, an Act for the relief of Joseph Delphis Guillaume Delorme.

Bill V-14, an Act for the relief of Nicolas Joseph Ladislas Barath.

Bill W-14, an Act for the relief of Ferencz Gyula Babinszki.

Bill X-14, an Act for the relief of Beatrice Alexandra Duff Sheppard.

Bill Y-14, an Act for the relief of Remi Charbonneau.

Bill Z-14, an Act for the relief of Kathleen Florence Pippy Hayward.

Bill A-15, an Act for the relief of Fred Skiffington.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Bradley: With leave, I move the third reading now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until Tuesday, May 4, at 8 p.m.

THE SENATE

Tuesday, May 4, 1954

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

THE PRESIDENT OF THE SENATE OF AUSTRALIA

HON. ALISTER M. McMULLIN—GUEST OF THE SENATE

The Hon. the Speaker: Honourable senators, may I ask the Leader of the Government in this house (Hon. Mr. Macdonald) and the Leader of the Opposition (Hon. Mr. Haig) if they would accompany a distinguished guest, the President of the Senate of Australia, to a seat on the floor of this chamber.

Honourable senators thereupon rose as the Honourable Alister M. McMullin, President of the Senate of Australia, was escorted into the chamber between the Honourable Mr. Macdonald and the Honourable Mr. Haig and presented to His Honour the Speaker.

The Hon. the Speaker: May I on behalf of the Senate of Canada welcome you, sir, both for yourself personally and as a distinguished President of the Senate of Australia. May your visit here be a pleasant one, and on your return will you please convey to the Senate of Australia our warmest felicitations and expressions of good will?

Hon. Alister M. McMullin (President of the Senate of Australia): Honourable senators, it is a great privilege for me to be with you tonight in this honourable Senate. Your good wishes I shall convey to the Senate of Australia, and you can be assured that they will be very heartily reciprocated.

The Honourable Mr. McMullin was then escorted to a seat on the floor of the chamber.

REPRESENTATION BILL

FIRST READING

A message was received from the House of Commons with Bill 420, an Act to amend the Representation Act.

The bill was read the first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. W. Ross Macdonald: Honourable senators, probably, if I explain this bill very briefly, the Senate may decide to give it second reading tonight.

The bill merely confirms a change in the name of one of the constituencies. It will be remembered that last session the Representation Act was amended to change the name of the constituency of Swift Current to "Swift Current-Maple Creek". There should have been a clause in the bill to the effect that the Revised Statutes of Canada would be amended accordingly. However, that clause was omitted, with the consequence that when the Revised Statutes came into effect—I believe on September 15 of last year—this constituency reverted to the name "Swift Current". I am sure it was your wish then, as it is now, that the constituency should be known as "Swift Current-Maple Creek". This bill will merely amend the Revised Statutes of Canada to correct the omission, and if it meets with the approval of the house I would move that the bill be read the second time now.

Hon. Mr. Aseltine: Honourable senators, I suppose there is no reason why all of us should not accept some blame for not discovering the omission at the time it was made. Therefore we on this side of the chamber have no objection to the bill being read the second time now.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: With leave of the Senate, I would move that the bill be read the third time now.

Hon. Mr. Roebuck: What is the hurry?

Hon. Mr. Macdonald: If there is any objection to that motion, I would ask that the bill be placed on the Order Paper for third reading at the next sitting.

CRIMINAL CODE BILL

FIRST READING

A message was received from the House of Commons with Bill 7, an Act respecting the Criminal Law.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Honourable senators, when we last met I suggested that we proceed with the second reading of this bill at the present sitting. I had hoped that the bill would be distributed to honourable senators during the Easter week, so that they might have an opportunity to peruse it before we reassembled. However, the bill had to be reprinted and it was not distributed until late this morning. It is a very important measure, and in the circumstances I will not move second reading tonight.

I have been in communication with the honourable senator from Toronto (Hon. Mr. Hayden) and the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), who advised me that they will be prepared to proceed tomorrow. Therefore, I would move that leave be given to proceed with the motion for second reading of this bill tomorrow.

Hon. Mr. Haig: Honourable senators, may I be permitted to say a word? I was hoping that when the bill reached this house there would not be a long discussion on second reading, but that at an early date it would go to committee, where we could avail ourselves of the very fine report on the whole bill that our Parliamentary Counsel has made.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: When the Criminal Code Bill was last before this house a subcommittee consisting of the honourable senators from Toronto (Hon. Mr. Hayden), Toronto-Trinity (Hon. Mr. Roebuck), Grandville (Hon. Mr. Bouffard) and Vancouver South (Hon. Mr. Farris) made a detailed study of the bill. Their amendments, I thought, greatly improved the proposed legislation, and I take this opportunity to commend them for the splendid service they rendered. So much was accomplished at that time that a lengthy discussion should not be necessary now. I would hope, therefore, that the appropriate committee of the Senate would apply itself to consideration of the bill that now comes before us and report to this house just as soon as possible. I am not trying to tell the committee what it should do, but I do feel that the bill should not fail to pass at this session.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: I think it should come back from committee as early as possible, so that we may consider any amendments and pass the bill before prorogation. Delay is upsetting to the practice of criminal law, to some extent, and I believe it would be in the interest of the administration of justice to have the revised code enacted very shortly. I would urge my fellow senators to spend as little time as possible in debate on the second reading stage, with a view to expediting reference of the bill to committee. After it is reported back from committee it can be discussed on third reading just as well as on second reading—a procedure that is perfectly proper under our rules. I make that suggestion with all due respect.

The motion was agreed to, and the bill was ordered to be placed on the Order Paper for second reading tomorrow.

INTERNATIONAL RAPIDS POWER DEVELOPMENT BILL

FIRST READING

Hon. Mr. Macdonald presented Bill B-15, an Act to amend the International Rapids Power Development Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: Honourable senators, I would ask that this bill be placed on the Order Paper for second reading at the next sitting of the house. However, I may say that it is not my intention to proceed with second reading at that time.

CANADIAN CITIZENSHIP BILL

FIRST READING

Hon. Mr. Macdonald presented Bill C-15, an Act to amend the Canadian Citizenship Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: Honourable senators, I would request that this bill also be placed on the Order Paper for second reading at the next sitting of the house, but as in the case of the previous bill, I do not intend to move the second reading at that time.

I may say that the main purpose of the bill is to make it no longer necessary for an applicant for Canadian citizenship to give one year's notice of his intention to apply for citizenship.

PRIVATE BILL

CANADIAN NURSES' ASSOCIATION— REFUND OF FEES

Hon. Mr. Paterson: Honourable senators, with leave I move:

That the parliamentary fees paid upon the Bill F-11, intituled: "An Act respecting Canadian Nurses' Association", be refunded to Messrs. Hugessen, Macklaier & Co., solicitors for petitioners, less printing and translation costs.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 5, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

REPRESENTATION BILL

THIRD READING

Hon. Mr. Macdonald moved the third reading of Bill 420, an Act to amend the Representation Act.

The motion was agreed to, and the bill was read the third time, and passed.

CRIMINAL CODE BILL

MOTION FOR SECOND READING—
DEBATE ADJOURNED

Hon. Salter A. Hayden moved the second reading of Bill 7, an Act respecting the criminal law.

He said: Honourable senators, this bill in one form or another has been before us on several occasions, it having been first introduced in the Senate about two years ago in the form in which it had been drafted as a result of the work of the Criminal Code Revision Commission which studied the subject-matter for a number of years. At the 1952 session our Banking and Commerce Committee made some sixty-three amendments to that bill. At the following session a redrafted bill, incorporating in the main the amendments which had been proposed by the Senate, was introduced in this chamber; and after the bill had been studied by the same committee and a subcommittee, approximately 116 changes were made, some substantial and some more or less minor. The bill with those amendments was then sent to the House of Commons, and it was considered in a committee of that house that session. At the present session the bill was introduced in the House of Commons, as Bill No. 7, incorporating some of the changes proposed by the committee last session.

The bill as it now comes before us, after further study by the House of Commons and one of its committees this session, contains some seventy-one changes from the bill which we passed and sent to that house. Some of the changes amount simply to a rephrasing of certain sections without, in my view, effecting any change in the substance of those sections. Other changes involve changes in penalty, which in most instances would represent an increase in penalty. But a number of changes have to do with sections which in my view are controversial, some of which sections the Senate took a very decided stand on when the bill was before it, and I want to comment particularly on the treatment those sections received in the Commons. I do not propose to deal with all the seventy-one changes. If the patience of honourable senators does not run out I may deal with a number of them, but certainly with not more than 50 per cent. With some of them I may deal fully; with others, very casually.

The first section I wish to refer to in Bill 7 is section 9, which was section 8(2) in the bill we sent to the Commons. The subject-matter of that section is contempt of court. Even at the present time there is no appeal provided from a conviction for contempt of court. When the matter was originally before the Senate committee we felt it was a very drastic, very arbitrary power which could be exercised by a judge or magistrate. The circumstances in which he would be called upon or permitted to exercise that power would be peculiar. Usually the contempt, if it took place other than in the face of the court, would be brought to his attention, he would order the offender to be called before him, he would read the article or statement complained of and if he decided there was contempt of court he would impose the penalty; and there was no appeal from the conviction or sentence. Likewise, there was no appeal from the conviction or sentence of a person for contempt committed in the face of the court—that is, before the judge or magistrate who finds the person guilty and imposes the sentence.

We felt that that was basically wrong and provided for an appeal in this fashion: we said that where a person was convicted of contempt in the face of the court—where a person during proceedings in court was guilty of conduct or of making remarks which could be construed as holding the court or judge up to ridicule or contempt, and where in the interest of maintaining the decorum and dignity of the court the judge should be given strong powers—such a person should be allowed a right of appeal from the sentence only. It might very well happen that the judge, under pressure of the circumstances—for judges are human—would impose a penalty which upon reflection he would regard as being a bit too severe.

On the other hand, we provided a right of appeal both as to conviction and sentence for contempt not committed in the face of the court.

The House of Commons, in its consideration of the measure, changed the section to

provide a right of appeal against conviction for contempt in any event, whether it took place in the face of the court or otherwise. However, the proposed right of appeal is not an absolute right, but is subject to leave being given by the court of appeal or a judge of that court.

Honourable senators may feel, as I do, that the right of appeal should be an absolute right, and not subject to leave being given. The value of the right of appeal, in my thinking, lies in the absolute nature of that right. In these circumstances, our committee might very well give further consideration to this question of contempt of court, and decide whether perhaps our earlier thinking on the subject was correct, or whether we should accept the change made by the House of Commons.

Perhaps I should add that the subject of contempt of court has been given particular prominence lately. I am not attempting to express any opinion on convictions under that charge, because without a full statement of the facts it would be very dangerous to do so. But one recent case which struck me rather forcibly was that of a news dealer who was sent to jail because some offending magazines were found on his counter. His explanation apparently was that under his contract he could only get a supply of certain publications if he accepted certain other publications which were sent to him and over which he had no right of selection. I may say that New York State has recently realized the danger of such a contract, and has introduced a law making it illegal. Nevertheless, this charge to which I refer certainly placed the news vendor in a most difficult situation. He was charged with contempt and he defended himself in the only way he could. There seemed to be some merit to his defence; nevertheless he went to jail. I am not suggesting that the judge was arbitrary, but it was an arbitrary exercise of an absolute power; and in the interests of justice and democracy there should be a means by which the correctness of such a charge and conviction could be tested as of right by an appeal.

I wish to refer briefly to section 33 of the bill, which section, by the way, bore the same number in the bill that we sent to the House of Commons. That section has to do with the duties of officers at the time the riot act is read. As the bill went to the Commons it contained a provision that if death or injury resulted to persons assembled, the peace officers or any person drafted to aid them could not be charged in any civil or criminal proceedings in respect of any such death or injury. The Commons chose to restrict that protection of officers to proceedings brought in respect of any death or injury that is caused "by reason of resistance" to the performance of duty by peace officers and those assisting them. Possibly that is a reasonable restriction. I have no strong views on it one way or the other, and I simply pass it on without comment.

We next come to a section which provoked considerable discussion in the other place. That is section 46, dealing with treason. Section 46 of the bill as it originally came before us, as drafted by the Revision Commission, provided in section 46(1):

> Every one commits treason who, in Canada,
> (e) conspires with an agent of a state other than Canada to communicate information or to do an act that is likely to be prejudicial to the safety or interests of Canada.

Now, as the result of our deliberations on that section we concluded that this was a departure from the well-known concept of what constituted treason, and while we were perfectly prepared to provide a penalty for an offence of the character described by the words I have read we felt that we should not confuse the concept of treason by calling such an offence treason; so we took that paragraph (e) out of section 46 and put it into section 50, under which the act described in the paragraph became an offence, and we provided for a penalty of fourteen years. We also made one change in the phrase "prejudicial to the safety or interests of Canada", by striking out the words "or interests". Well, the Commons restored paragraph (e) to section 46, with some change in the language, and made the act treason. So the proposed section 46(1) now reads:

> Every one commits treason who, in Canada,
> (e) without lawful authority, communicates or makes available to an agent of a state other than Canada, military or scientific information or any sketch, plan, model, article, note or document of a military or scientific character that he knows or ought to know may be used by that state for a purpose prejudicial to the safety or defence of Canada.

It will be noted that that language is more particular, and the elimination of the words "or interests" by the Senate has been confirmed in the amendment. Also, the unlawful communication is not of information in the broad term as used originally, but it is now information of a military or scientific character, and the paragraph goes on to elaborate on that.

Having regard to the way in which international affairs are now carried on and have been carried on for some time, the developments in modern methods of warfare, the importance of scientific information in relation thereto, and the know-how in connection with these processes, it may now be more important than ever that a country should be

able, by the most drastic penalties possible, to safeguard that information and to provide against its possible communication to other countries where it could be used against the best interests of Canada. It may be that, as schemes of defence against modern developments in warfare are progressive things, with developments occurring from day to day, their importance to the safety and defence of the country is such that we must be prepared to treat the communication of information about them to the agent of a foreign state as the most serious offence, so far as Canada is concerned, that a person can commit, and term it treason—a word which denotes the most awful offence of which one can be guilty in relation to his own country. In any event, the Commons has included this offence under the heading of "treason". I think the section itself is now much better phrased. There are still attached the qualifying words that the purpose for which the information is communicated must be prejudicial to the safety or defence of Canada.

In this connection I would refer honourable senators to section 47, which prescribes the penalties, and in which several changes have been made. For treason in its original concept, embodied in paragraphs (a), (b) and (c) of section 46, the penalty of death is retained; for the offences indicated in paragraphs (d), (f) and (g), the penalty may be death or life imprisonment. In the case of the particular subsection to which I have been referring, and which I have read to you, relative to the communication of military or scientific information, the penalty is to be death or life imprisonment if a state of war then exists between Canada and another country at the time the information is communicated; but if there is not a state of war, the penalty is fourteen years.

It may be that, as a result of all the discussion which has gone on, with the weighing of all points of view, the method of treatment which is here set before us is by and large a satisfactory way of dealing with the matter, and that we should not feel that, because heretofore treason has been identified only with offences of a certain character, there are not circumstances under which the concept should be enlarged. My own view is that if the application of the term "treason" to the communication of information under these circumstances is more likely to strike terror in the heart of some person or persons who may be urged to so communicate information of this kind, one may be perfectly content to have such acts described as treason.

Section 50, to which some amendments have been made, is included in the same group of sections as those pertaining to treason. As I have already stated, paragraph (c) of section 50, relating to the conveying of information, has been removed from that section and returned to section 46. I have no comment to make on the addition to paragraph (a) of the words "wilfully assists".

I come now to a series of sections which are, I believe, the kernel of this matter, and I should like to discuss them together. I refer to sections 52, 365 and 372. I should like to take a few moments to tell the house what these sections embody, what the practice has been in respect of them, and perhaps express some views about them.

Section 52 is known as the sabotage section, section 365 as the criminal breach of contract section, and section 372 as the mischief section.

Under section 52 the basic element of sabotage is that the prohibited act must be prejudicial to the safety, security or defence of Canada, or the safety or security of the naval, army or air forces of any state other than Canada that are lawfully present in Canada. A "prohibited act" is then defined as being an act or omission that impairs the efficiency or impedes the working of any vessel, vehicle, aircraft, machinery, apparatus or other thing, or causes property, by whomsoever it may be owned, to be lost, damaged or destroyed. That is the essence of sabotage.

As defined in section 365, criminal breach of contract stems from acts which may result in endangering life, causing serious bodily injury, endangering property, depriving citizens of certain services or delaying or preventing the running of trains. I would point out, however, that an offence of criminal breach of contract might not be sabotage, for in the case of sabotage the act must be prejudicial to the safety, security or defence of Canada. An act of mischief is also something that falls below the character of being prejudicial to the state.

Having made these general observations I shall proceed to state what was done by the Senate. The bill which originally came before us restated more or less the existing law in those three sections, which we passed without any amendment providing for a saving clause exempting any group or groups of people from the application of those provisions. Thus the sections, as passed by the Senate, simply restated the present law. I would point out that section 372 represented an attempt to restate in one section what is contained in perhaps as many as twenty sections in the present code. The House of Commons added saving clauses, both in the same language, to sections 52 and 372. The saving clause in section 52 provides:

No person does a prohibited act within the meaning of this section by reason only that

(a) he stops work as a result of the failure of his employer and himself to agree upon any matter relating to his employment,

(b) he stops work as a result of the failure of his employer and a bargaining agent acting on his behalf to agree upon any matter relating to his employment, or

(c) he stops work as a result of his taking part in a combination of workmen or employees for their own reasonable protection as workmen or employees.

Subsection (4) was also added, as follows:

No person does a prohibited act within the meaning of this section by reason only that he attends at or near or approaches a dwelling house or place for the purpose only of obtaining or communicating information.

That same saving clause was added to section 372, but the saving clause added to section 365 was different. Reference was made by an honourable senator to the treatment that was given to section 365, his comment being based on the saving clause that was embodied by the Commons in section 365, but that clause underwent considerable amendment before appearing in its present form in Bill 7. It now reads:

(2) No person wilfully breaks a contract within the meaning of subsection (1) by reason only that

(a) being the employee of an employer, he stops work as a result of the failure of his employer and himself to agree upon any matter relating to his employment . . .

The next part is the important one:

(b) being a member of an organization of employees formed for the purpose of regulating relations between employers and employees, he stops work as a result of the failure of the employer and a bargaining agent acting on behalf of the organization to agree upon any matter relating to the employment of members of the organization,

if, before the stoppage of work occurs, all steps provided by law with respect to the settlement of industrial disputes are taken and any provision for the final settlement of differences, without stoppage of work, contained in or by law deemed to be contained in a collective agreement is complied with and effect given thereto.

In addition a new clause has been added:

(3) No proceedings shall be instituted under this section without the consent of the Attorney General.

Hon. Mr. Aseltine: Is that the section about which some honourable senators have received correspondence? I have received at least half a dozen letters requesting me not to vote in favour of Bill 7, in order to preserve the freedom of the people of Canada, and all that sort of thing.

Hon. Mr. Hayden: I do not know, of course, what is contained in the correspondence you have received. I know that I myself have received letters dealing with these three sections. I think that by and large the labour organizations feel that if section 365 is at all necessary it is in its most acceptable form as it appears in the bill before us. The section simply says this: If property damage results from a workman walking off the job at a time when all steps provided by his contract and by law with respect to the settlement of industrial disputes have been taken, and there are no other steps to be taken short of legal strike, then the saving clause in the section would apply if the act of walking off the job was not a wilful one. The House of Commons attempted to provide a further protection against any multiplicity of prosecutions by providing that no prosecution can take place under this section without the consent of the Attorney General of the province. Frankly, I can see no objection to the form in which the section now appears. If a walkout occurred after all negotiation proceedings had been exhausted, and when there was a right to strike, I would think that even without the saving clause there is inherent in the section the right of a workman to walk out as long as he did not wilfully break a contract. If he quit work after his right was exhausted, and damage to property resulted, and he was charged with criminal breach of contract, I think it would be a good defence in law for him to say, "My contract is at an end for this purpose". In my view, therefore, all that the saving clause does is to make explicit what I regard as already implicit in the section, even without the saving clause. Therefore, I have no criticism to offer.

I have indicated the view of the labour organizations; and I think even management has said, in similar language, that if there must be a saving clause the paragraph now in section 364 is the best that could be done, and it is satisfactory to them.

I cannot look with equal approval upon section 52, which deals with sabotage, or section 372, with mischief. The two sections are entirely different. Section 372 has to do with wilful damage to any property, but section 52 goes farther and affects the safety, security and defence of the state. The saving clause has been added in both sections, and operates in this way: If a workman engaged by an employer, where there is a contract of employment, decides to quit his job to go and join a picket line to help other members of his union who are on strike at another plant having no relationship to the plant from which he quit, the saving clause permits him to do so. May I point out that the language of the section is that he is not guilty of an offence under that section by reason only of doing so. In order to indicate to honourable senators what was intended, I will read what the Minister of Justice and Mr. Knowles said in the other place. In dealing with these

saving clause amendments Mr. Knowles said, as reported in the *House of Commons Debates* of April 7, 1954, at page 3875:

> Does it not also have this effect, that with the words in there, which the amendment now proposes to take out, the saving effect of the clause was limited to the persons who had actually stopped work at the plant in question; whereas now it is possible for others than those actually on strike from a particular plant to be part of the picket line? Is not that the effect?

And the Minister of Justice replied:

> Yes, of attending for the purpose of obtaining or communicating information.

Now we know the purpose of the saving clause is to permit workmen, in violation of a contract so far as the offence of sabotage is concerned, to quit work to go and join a picket line or have a meeting with other members of the union about any matters affecting the rights and protection of workmen; and in so doing, unless a workman does something more than simply quit work, the saving clause applies. That is one interpretation of the section. There is another obvious interpretation, it seems to me. If a man quits work when he is under contract to work and there has been no default in the contract, and if he is the operator of a machine and knows that if he walks out the machine will be damaged, it might be inferred that as part of his employment under the contract it is his duty to protect that machine, by turning it off or doing whatever else is necessary, before he walks out, and that otherwise in walking out he would be guilty of a criminal breach of contract and of an offence under section 365. But if the offence affected the safety, security or defence of Canada it would be called sabotage. I do not know that it is good business to settle for something else, or whether it is proper to take the attitude that a workman operating under a contract that is in good standing may walk off the job in circumstances which would protect him from prosecution under section 52, yet render him liable to punishment for a criminal breach of contract under section 365. That is a bit puzzling to me.

I am not suggesting that any special burdens should be imposed on workmen. They have rights to which they are entitled; the law protects them, to some extent, as a matter of contract; they have the right to strike, and no question about the right to strike is involved in our consideration of these sections. All we have to consider, in the first instance, is this: Where the safety, security or defence of Canada is concerned, in certain relationships, should there be any saving clause, and if so how broad should that saving clause be? The law down to this date has provided no saving clause at all. One is provided here by reason only of the situation of a man leaving his job to join a picket line at another plant, and in picketing disregarding his obligations under his own contract with his own employer. That is a saving clause which it is difficult for me to accept. I am not saying that my mind is closed to it, but that it is a difficult proposition for me to understand. Perhaps I have not looked at it long enough, but I have looked at it as long as it has been in this bill and have not been able to adapt my thinking to a full acceptance of it. It seems to me that by adding this saving clause in the language as given we are attempting to excuse what otherwise might be sabotage in relation to the safety, security or defence of Canada, or in relation to the safety and security of foreign troops that may be lawfully stationed in Canada. It may be that there is some happy hunting ground in between where some language might be evolved that would give comfort to those who are concerned about the absolute nature of the section; but the section in its absolute form has been in existence down to this time, and all I can say is that if there was ever a time when strong laws in regard to the safety, security and defence of Canada are needed, it is at present.

An Hon. Senator: Hear, hear.

Hon. Mr. Hayden: To the extent that this saving clause may weaken the law, I would want to give more serious consideration to whether I should support it or not. All I am seeking to do is to bring to the attention of honourable senators what the saving clause does. The decision is for honourable senators to make when the bill is in committee, and again when it is returned to this house for further consideration.

The same kind of saving clause has been put into the mischief section. This section is not as broad as the sabotage section, for of course sabotage affects the state. In so far as the mischief section goes, it would apply to any property damage. I am thinking of an incident which occurred some years ago at Arvida, Quebec, where the workmen went on strike and left pots full of molten metal to cool and freeze, and thus caused very substantial destruction of property.

Hon. Mr. Howard: A tremendous loss.

Hon. Mr. Hayden: A tremendous loss resulted. That is the sort of thing which, if it does not go so far as to be sabotage and prejudice the defence, security or safety of Canada, certainly affects a contract in good standing. Such an incident might very well be the basis of an offence under either section 372 or section 365, depending on whether

there was a contract, the nature of the contract and the circumstances under which the men walked out.

Honourable senators, I am sorry that I have taken more time than I intended on those sections, but they strike me as being of considerable importance; certainly, the House of Commons spent some time on them. I may add that representations were made to the Commons which were not made to us with respect to the saving clauses. I do not say that I resent that sort of thing, but I do think we should have had the opportunity of considering them, because we had the bill before us for a long time and we gave serious consideration to that subject. However, it is before us now.

I should like now to consider a group of sections, namely 64 to 69, and particularly section 69, which have to do with unlawful assemblies and riots. Bill O, which we sent to the House of Commons, provided that once the riot act has been read people must immediately disperse. The problem has come up as to what is meant by "immediately". Apparently some police officers immediately went into action upon the riot act having been read by the mayor or other official. This gave rise to complaints and disorders. As a result the House of Commons has provided an amendment to the effect that people must disperse and depart within thirty minutes after the reading of the riot act.

The next section to which I would refer in passing is section 88. By the way, I should say that from section 88 onwards the section numbers in the new bill correspond with those in Bill O, which we sent to the House of Commons.

Honourable members of the other house were so disturbed about the threat of what are normally called switch-knives or spring-knives that they added to section 88 subsection 3, which explicitly provides that:

> Everyone who without lawful excuse, the proof of which lies upon him, has in his possession or sells, barters, gives, lends, transfers or delivers a spring-knife or switch-knife is guilty of an offence punishable on summary conviction.

It was hoped that by setting out this specific provision in the code, merchants would be discouraged from selling this type of knife to youngsters who feel it is a smart thing to be equipped with a knife on which the pressing of a button or lever causes the blade to swing into action.

Section 102 of the bill is a section which I should think, after having been a member of this house for some years, would be of no interest to honourable senators. However, I might in passing tell you the nature of the section. It has to do with the matter of subscribing to what might be called party funds. The opening words of subsection 2 of that section in Bill O, as sent on to the House of Commons, read as follows:

> Everyone commits an offence who, being a party to a contract with the government directly or indirectly subscribes, gives or agrees to subscribe or give, to any person any valuable consideration—

Incidentally, I do not think that valuable consideration includes the making of speeches; at least, it has not been interpreted as such. Some discussion took place on this particular subject in the Commons, and as a result an amendment was adopted which I think honourable senators would appreciate as being very satisfactory. Subsection 2, as amended, now reads:

> Everyone commits an offence who, in order to obtain or retain a contract with the government, or as a term of any such contract, whether express or implied, directly or indirectly subscribes, gives or agrees to subscribe or give, to any person any valuable consideration—

This clearly expresses the matter, so that he who runs may read and understand what the true situation is. It may not be said to be in any way inhibitory. Perhaps I should add that the penalty for an offence under this section is imprisonment for five years.

I turn next to section 116, which deals with a witness who gives contradictory evidence or who perjures himself. Of course we all share the feeling that the proper conduct of our courts is a most important thing, and one of the strongest contributing elements is the ability to rely on testimony being honestly given. True, it may not always be a faithful statement of the facts, but at least we would hope that it is honestly given. And to assure that it will be honestly given, we provided in Bill O that a person who has given contradictory evidence on two different occasions could be charged with an indictable offence, and the onus was on him to defend himself by establishing that none of the evidence was given with the intention to mislead the court. The House of Commons has adopted a little more lenient approach to that question by placing upon the crown the onus to establish certain things. Part of subsection 1 of section 116 reads as follows:

> . . . but no person shall be convicted under this section unless the court, judge or magistrate, as the case may be, is satisfied beyond a reasonable doubt that the accused, in giving evidence in either of the judicial proceedings, intended to mislead.

In other words, it reverses the proof.

There is the further safety clause provided by subsection 3 of section 116 which reads as follows:

> No proceeding shall be instituted under this section without the consent of the Attorney General.

This provision would mean, for instance, that a private litigant who lost a civil action

because a witness changed his story, could not prosecute without the leave of the Attorney General. Although section 116, as we submitted it to the House of Commons in Bill 0, was somewhat stiffer, I have no comment to make on the amendment.

Section 120 deals with the question of public mischief. In Bill 0 the opening words of that section read:

> Every one who causes a peace officer to enter upon an investigation wilfully—

The Commons thought there might be some confusion in the interpretation of those words, and amended them to read:

> Every one who, with intent to mislead, causes a peace officer to enter upon an investigation by—

It is a clarification, and I do not think it seriously changes the scope of the section.

In section 131, which deals with the question of corroboration in certain types of sexual offences, the Commons added section 142 to the group of sections under which a material particular of the evidence given must be corroborated before there can be a conviction.

Next I will mention section 150, on the question of crime-comics. I commend to honourable members a careful reading of this section, and particularly subsection 7 (b). Frankly, I have some doubt whether that paragraph (b), which was put in by the Commons, adds anything of substance but it contains some nice sounding words in any event.

Section 164, which has to do with what we might ordinarily describe as the offence of vagrancy, was the subject of considerable discussion in the Commons. In the form in which the bill was sent over from the Senate that section said:

> Every one commits vagrancy who
> (a) not having any apparent means of support
> (i) lives without employment, or
> (ii) is found wandering abroad or trespassing and does not, when required, justify his presence in the place where he is found.

There was considerable discussion on the possibility of that language being interpreted to mean that unemployed people were automatically guilty of an offence under this section. Well, in their wisdom, the Commons saw fit to run all the words together and thereby to make it clear that it was a combination of these things that had to result before the offence would exist, and section 164 (1) now reads:

> Every one commits vagrancy who
> (a) not having any apparent means of support is found wandering abroad or trespassing and does not, when required, justify his presence in the place where he is found.

There may have been some justification for the concern over the former wording, and if there was a possibility of misinterpretation I think the change, which removes any reason for doubt, is good.

Section 250 deals with the publication of defamatory libel known to be false, section 251 with the publication of defamatory libel, and section 252 with extortion by libel. In these three sections all that the Commons has done has been to increase the penalties. For instance, in section 250 of the bill as we passed it the penalty provided was imprisonment for two years or a fine of $5,000 or both, and the Commons provided for a straight term of imprisonment of five years with no provision for a fine. Section 251 as we sent it forward to the Commons provided for a penalty of imprisonment of two years or a fine of $1,000 or both, and the Commons made the penalty two years. In section 252, for extortion by libel, we provided for a penalty of two years or a fine of $1,000 or both, and the Commons substituted a term of imprisonment for five years without any provision for a fine.

Section 295 deals with possession of housebreaking, vault-breaking and safe-breaking instruments. This section as we passed it read:

> Every one who without lawful excuse, the proof of which lies upon him,
> (a) has in his possession any instrument for house-breaking, vault-breaking of safe-breaking, or
> (b) has his face masked or coloured or is otherwise disguised,
> is guilty of an indictable offence and is liable to imprisonment for fourteen years.

The Commons rephrased that to provide for a penalty of fourteen years where there was possession of any instrument for housebreaking or vault-breaking, etc., but for a penalty of only ten years if the convicted person had his face masked or coloured or was otherwise disguised.

Hon. Mr. Aseltine: Did they make any provision for more jails?

Hon. Mr. Hayden: No, they did not. I take it that it would still be perfectly in order for masquerade parties to be held without running into conflict with this section.

Hon. Mr. Euler: Is there a saving clause for that?

Hon. Mr. Hayden: No, there is no saving clause except the combination of the language in the section, which would be sufficient. It reads "with intent to commit an indictable offence", so if you wear a false face and the crown cannot establish intent to commit an indictable offence, you escape.

As I intimated before, I am skipping over a large number of sections where the changes did not, in my opinion, involve any change in substance. We can refer to them and

call for an explanation and understanding of them in committee, but I do not want to take time to deal with them here.

Section 328 deals with fraudulent concealment of documents of title, etc., and the Commons saw fit to add a clause requiring the consent of the Attorney General to prosecute in such a case.

The Commons altered the penalty in section 339, which has to do with the salting of a mine and the salting of a sample taken from a mine. The penalty in the bill as it left the Senate was five years, but the Commons saw fit to increae it to ten years.

In section 341 there is a change, but it is only a rephrasing and we do not need to be concerned about it at this time.

Section 343 creates an offence of making, circulating or publishing a false prospectus, and the Commons increased the penalty from five to ten years.

I have already dealt with sections 365 and 372, so I do not need to spend any time on them now.

Next I want to refer to section 432, which deals with the detention of things seized under a search warrant. It will be recalled that in the Senate bill this section provided that when things are seized under a search warrant they must be brought as quickly as possible to the justice who authorized the issue of the search warrant. The changes made by the Commons in this section are lengthy, but all they do is to provide in more detail for the manner of disposal of goods which have been seized under search warrant when they are no longer required for the purposes for which they were seized.

Section 438 is an important section. It deals with a situation where a person has been arrested without warrant and, it may be, by a person who is not a peace officer. In the section as passed by us it was provided that anyone who arrests a person without warrant shall deliver that person to a peace officer, and that the peace officer shall, as soon as possible, bring such person before a justice to be dealt with according to law. Apparently it was felt in the Commons that the term "as soon as possible" was not precise enough, so the section was amended to provide that where a person who has been arrested without warrant is delivered to a peace officer, the peace officer must, if a justice is available, bring him within twenty-four hours before that justice, and if a justice is not available within that period of twenty-four hours the peace officer must bring him before some justice "as soon as possible". I cite these facts to illustrate the great care and consideration which this section has received. We have an interpretation of "as soon as possible".

I now draw attention to a rather important section. Section 481 provided for the continuance of proceedings where a judge or magistrate was unable to act. The clause as approved by us was rejected by the Commons and replaced by a much lengthier one which spells out in considerable detail what steps must be taken. For instance, if the judge or magistrate before whom a trial is commenced dies, or for any reason is unable to continue, certain provisions are made applicable. If he had got to the stage of adjudication, but had not imposed sentence, some other magistrate may step in and impose sentence. If he had not got to the stage of adjudication, the judge or magistrate who substitutes for him will start *de novo:* and procedures to cover these situations are outlined. The only difference I can see is that, in the form in which the section was passed by this house the procedure could have been worked out by regulations or rules of criminal practice; but in its present form the section eliminates the necessity for rules by spelling out the procedures in the various subsections of section 481.

Section 628, as revised, deals with compensation for loss of property. It is provided that a court which convicts an accused of an indictable offence may award, out of moneys found in the possession of the accused at the time of his arrest, "an amount by way of satisfaction or compensation for loss of or damage to property suffered . . ." Again we find a somewhat elaborate procedure attached to the section as amended. In the circumstances I have mentioned it is provided that the judge may order an accused to pay to the aggrieved person an amount by way of satisfaction or compensation for loss of or damage to property, and where the amount so ordered to be paid is not paid forthwith, the applicant may, by filing the order, have it entered as a judgment in the Superior Court in that particular case, and all the incidents that attach to a judgment of record will then follow for the purposes of ensuring the collection of the money.

Under section 629 we have exactly the same situation in relation to compensation to *bona fide* purchasers. Where somebody has stolen goods and sold them to someone else who is a *bona fide* purchaser, a procedure is spelled out as to how that purchaser may, when a conviction is made, get an order of the judge for reimbursement of the amount of money which had been paid for the goods, and the judgment is enforceable in the same manner as if it were a judgment of a court of record.

I think honourable senators will be interested in section 631, which deals with the

costs in proceedings by indictment for defamatory libel. The section sent to the Commons provided that a successful defendant in a prosecution for defamatory libel would be entitled to his costs. The section as amended by the Commons provides that the reasonable costs of the successful party may be recovered. This means that, whichever side is successful, the costs follow the event.

Section 632 is merely consequential upon the clause to which I have just referred.

I turn now to section 641, with the remark that honourable senators may begin to breathe more easily, as we are within one hundred sections of the end of the bill. Subsection (3) of section 641, as passed in this chamber, provided that every sentence of whipping should be carried out in accordance with regulations to be made by the Governor in Council. Apparently honourable members of the other place felt some concern about what these regulations might be, because they have spelled out in subsection (3) and in new subsections (4) and (5) the conditions under which a sentence of whipping will be administered. Provision is made for the type of instrument to be used, the circumstances under which whippings may occur, and for supervision by a medical practitioner. In short, instead of leaving these matters to be determined by regulations of the Governor in Council, specific directions are incorporated in the section itself.

Section 690 is one of a group of clauses relating to extraordinary remedies. The particular one with which it deals is where an application has been made for *habeas corpus*. In the bill as passed by us it was provided that, where an application for *habeas corpus* had been refused, successive applications could not be made. I presume that honourable members of the House of Commons became a little concerned as to whether or not that was sufficiently clear, so they added the words "on the merits". In other words, if the application for the *habeas corpus* is refused on the merits, then successive applications cannot follow.

Hon. Mr. Aseltine: Who makes that decision?

Hon. Mr. Hayden: I suppose that if a person tried to fly in the face of the law by attempting another application he would be refused on the basis of this section. I admit that putting in the words "on the merits" might promote quite a scope of argument as to whether or not the merits had actually been gone into. Under the section passed by the Senate there was certainly some finality to the proceedings.

In passing I should like to draw attention to section 691, providing for appeals in *habeas corpus, mandamus, certiorari,* and other proceedings of that kind. In their concern that these appeals should be promptly heard, the Commons inserted subsection (3), which specifically provides that the appeal of an appellant who has filed notice of appeal shall be heard within seven days after the filing of proof of service of the notice of appeal upon the respondent and, where a notice of appeal is filed when the court of appeal is not sitting, a special sittings of the court of appeal shall be convened for the purpose of hearing the appeal. This clause is no doubt justified, but in my view it provides something that might have been covered by the rules of criminal procedure.

I should like to refer to section 743, to which the Commons added a new subsection (5):

> (5) The Attorney General of Canada has the same rights of appeal in proceedings instituted at the instance of the Government of Canada and conducted by or on behalf of that government as the Attorney General of a province has under this Part.

This has to do with appeals following trials *de novo*. In certain circumstances a trial *de novo* may be held before a county court judge, following an appeal from a conviction or an acquittal by a magistrate. There is a provision elsewhere in the code for an appeal on any question of law.

Hon. Mr. McDonald: Are the offices of Minister of Justice and Attorney General of Canada always held by the same person?

Hon. Mr. Hayden: Those offices may be held by the same person and usually are. At the present time the Minister of Justice is also the Attorney General of Canada.

I should direct the attention of the house to section 746, which deals with the transition between the operation of the present code and the new code. For instance, the section provides for the handling of cases where offenders charged under the present code are not brought to trial until the new code is in operation.

Hon. Mr. Davies: May I interrupt the honourable gentleman to ask a question?

Hon. Mr. Hayden: Certainly.

Hon. Mr. Davies: On several occasions you have said that certain things cannot be done without the permission of the Attorney General. I take it that you have been referring to the Attorney General of Canada and not to provincial Attorneys General?

Hon. Mr. Hayden: No, I have been referring to the Attorneys General of the provinces.

I should have referred honourable senators to section 744, which deals with fees and allowances that may be allowed to peace

officers, witnesses and interpreters. For peace officers the mileage rate of 20 cents which we proposed has been reduced to 10 cents per mile. The fee for witnesses has been increased from $3 to $4 per day, and the mileage rate has been reduced from 20 cents to 10 cents per mile. The allowances for living expenses of interpreters has been increased from $5 to $10 per day, and here again the mileage rate reduced from 20 cents to 10 cents per mile. In other words, the Commons increased the *per diem* allowance for witnesses and interpreters over what the Senate had provided, but reduced the mileage rate.

Hon. Mr. McDonald: What was the recommendation of the Senate as to the *per diem* rate?

Hon. Mr. Hayden: We set the rate for witnesses at $3 per day.

Honourable senators, I have covered all the sections which I deem of sufficient importance to call to your attention at this time. I believe I have dealt with thirty of the seventy-one amendments that have been made by the Commons, and it may be felt that some of the others should be discussed in this chamber or in committee. I felt it was unnecessary to deal with amendments which merely involve rephrasing without change in substance. I referred to changes in penalties where I thought it might be useful to call these changes to the attention of the house. The substantial changes are not many and are confined to the important headings of treason, sabotage, wilful breach of contract, mischief, contempt of court and possibly a few others. Those are the major ones that loom up at this time. In the process of boiling, which has gone on in our consideration of the various drafts of this code over a period of two or three years, many problems have been worked out and common ground reached. Certain others remain and some may prove to be very contentious. I hope that my presentation of today may be of some assistance to honourable senators in their deliberations of this matter.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Roebuck, the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 6, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

ST. LAWRENCE SEAWAY

UNITED STATES PARTICIPATION APPROVED BY HOUSE OF REPRESENTATIVES

On the Orders of the Day:

Hon. John A. McDonald: Honourable senators, before the Orders of the Day are called I should like to ask the honourable Leader of the Government (Hon. Mr. Macdonald) if there are any new developments on the St. Lawrence Seaway project which he can report to the members of the house.

Hon. W. Ross Macdonald: Honourable senators, before coming into the house this afternoon I was informed from a source which I have generally found to be very reliable, the Canadian Press, that the House of Representatives in the United States had given final approval to that country's participation in the seaway phase of the St. Lawrence River and Great Lakes. Mr. Kelly, the representative of the Canadian Press in the Senate Press Gallery, informed me that the vote was 241 in favour and 158 opposed.

Some Hon. Senators: Hear, hear.

CANADIAN CITIZENSHIP BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill C-15, an Act to amend the Canadian Citizenship Act.

He said: Honourable senators, as I mentioned on Tuesday evening, when this bill received first reading, the purpose of the bill is to enable a person to apply for Canadian citizenship without first giving, as he is now required to do, at least one year's notice of his intention to apply. Under the act as it now stands an applicant for citizenship may file a declaration of intention after he has attained eighteen years of age, provided he does so not less than one nor more than six years before the application is heard. Section 10 (1) of the act says:

> The minister may, in his discretion, grant a certificate of citizenship to any person who is not a Canadian citizen and who makes application for that purpose and satisfies the court that,
>
> (a) either he has filed in the office of the clerk of the court for the judicial district in which he resides . . . not less than one nor more than six years prior to the date of his application, a declaration of intention to become a Canadian citizen, the said declaration having been filed by him after he attained the age of eighteen years; or he is the spouse of and resides in Canada with a Canadian citizen; or he is a British subject.

Honourable senators will note it states that the declaration of intention must be filed in the district where the applicant lives. I may say that what I read was not the whole of the amended section as passed in 1953, which provided that an applicant could file his declaration either in the district where he lives or direct with the Citizenship Branch at Ottawa. The purpose of that amendment, honourable senators will recall, was to enable people who lived in outlying districts to send their declarations direct to Ottawa instead of having to travel to the nearest county or district town to swear to their affidavits and so forth.

I will now read the first part of section 10 (1) as it will appear if this bill is passed:

> The minister may, in his discretion, grant a certificate of citizenship to any person who is not a Canadian citizen and who makes application for that purpose and satisfies the court that,—

And this is the proposed amendment:

> (a) he has attained the age of twenty-one years, or he is the spouse of and resides in Canada with a Canadian citizen.

At the present time only under special circumstances can a certificate of citizenship be obtained by any person under twenty-one years of age, except by a person who is the spouse of a Canadian citizen. Perhaps I could make that clearer by an illustration. Supposing a woman of eighteen years of age has moved to Canada from some other country—Holland, for instance—and marries a Canadian citizen who resides in Canada, she can become a Canadian citizen. And under present legislation she does not have to file a declaration of intention, so the bill makes no change in this respect so far as any such person is concerned.

Hon. Mr. Reid: She would have to apply for citizenship, though, would she not?

Hon. Mr. Macdonald: Yes, she would have to apply. It has always been necessary for such a person to apply, but she does not have to file a declaration of intention.

The amendment also deletes the words "or he is a British subject". Of course, a British subject never did have to file a declaration of intention to become a Canadian citizen, and it is not necessary to retain these words in the act.

Hon. Mr. Euler: Would such an immigrant from Holland have to wait five years before she received her citizenship papers?

Hon. Mr. Macdonald: No.

Hon. Mr. Quinn: Does she not automatically become a Canadian citizen?

Hon. Mr. Macdonald No. She could become a Canadian citizen in less than five years if she marries a Canadian citizen who resides in Canada.

Hon. Mr. Davies: Is citizenship status a prerequisite in any way to participation in family allowances and old age pensions?

Hon. Mr. Macdonald: She would have to reside in Canada for twenty years in order to qualify for an old age pension.

Hon. Mr. Davies: Whether or not she has taken out citizenship papers she would be eligible for an old age pension?

Hon. Mr. Macdonald: Provided she has lived in Canada twenty years.

Hon. Mr. Davies: What about family allowances?

Hon. Mr. Euler: That depends upon whether she has any children.

Hon. Mr. Macdonald: I did not look up that point. Of course, we are not concerned with the Family Allowances Act, but my recollection is that children become eligible for family alowances if they have been born in Canada.

Hon. Mr. Haig: That is correct.

Hon. Mr. Vien: Family allowances are payable to permanently admitted immigrants, upon application, after one year's residence in Canada. But in order to become eligible for an old age pension, as the honourable minister (Hon. Mr. Macdonald) has just said, a person has to live in Canada twenty years.

Hon. Mr. Macdonald: I believe I have explained the bill fully, except that I have not answered a question by the honourable senator from Waterloo (Hon. Mr. Euler). He asked how long a woman immigrant, of a nationality other than Canadian, has to wait to become a Canadian citizen. My understanding is that if she marries a Canadian who resides in Canada she can make application for citizenship immediately. I will verify that, however, and if I am wrong I will let the house know.

Hon. Mr. Reid: If she is the wife of a Canadian citizen can she apply before she comes to this country?

Hon. Mr. Macdonald: No, she could not. The amendment reads: "he has attained the age of twenty-one years, or he is the spouse of and resides in Canada with a Canadian citizen." To become a Canadian she would have to reside in Canada.

Hon. Mr. Gouin: Under the act as it is at present, a declaration of intention must be made one year before the application is heard by a judge. I trust that now the period that the wife of a Canadian citizen has to wait will be shortened.

Hon. Mr. Macdonald: As has been stated, hitherto a person making an application has been required to file a declaration of intention one year before his application is made. Under these conditions, one immigrant from a foreign country, having filed immediately upon arrival a declaration of intention, could after five years file his application for citizenship; but another person, no less worthy, who had come to Canada and lived in this country for five or, say, ten years and established himself here, might have to wait still another year before he could become a citizen. For example, if he filed his declaration of intention in the tenth year, he could not file his application for citizenship until the eleventh year of his residence.

My information is that the department is adequately staffed to inquire into and deal within three months with applications for citizenship; but at the present time a declaration of intention, although it is handled promptly, must remain on the office files until a year has expired; so that except under very urgent and special circumstances an applicant cannot become a Canadian citizen before that time has elapsed.

Hon. A. K. Hugessen: Honourable senators, I welcome this bill and the change which it brings about in abolishing the necessity of this declaration of intention one year before naturalization can be granted. Under the normal procedure a citizen of a foreign country who comes to Canada must wait five years before he can be naturalized. Quite a number of immigrants have been unaware that a declaration of intention had to be filed a year before they could be naturalized, and upon applying for naturalization, after living in the country for five years, they have found they had to wait still another year. I have never been able to satisfy myself as to the utility of this declaration of intention. I suppose that at the time it was introduced the purpose was to give the department a one-year period in which to inquire into the *bona fides* of an applicant before finally granting him naturalization.

Hon. Mr. Aseltine: There is a similar regulation in the United States, and I think we were just following their policy.

Hon. Mr. Hugessen: That may be so. Perhaps this is another instance which shows that we should not always follow the United States.

I wanted to say that what the bill proposes is a good departure. I welcome the abolition of the really unnecessary preliminary requirement of a declaration of intention.

Hon. Mr. Reid: May I ask the Leader of the Government (Hon. Mr. Macdonald) if it is intended that this legislation should apply equally to all immigrants applying for Canadian citizenship? For instance, will it apply equally to people coming from Great Britain and those coming from the continent?

Hon. Mr. Macdonald: I do not think there will be any change in respect to that matter by virtue of this legislation.

Hon. Arthur W. Roebuck: Honourable senators, I am sure that we all approve of this bill, and while I have no special comment to make I rise to express my pleasure at what is being done. It is obvious that as far as possible we should remove every technical difficulty that stands in the way of our new citizens becoming truly citizens of Canada. An applicant for Canadian citizenship must meet substantive requirements as to residence, but once he has done so we should make it as easy as possible for him to acquire citizenship. Along with the honourable senator from Inkerman (Hon. Mr. Hugessen), I welcome the sweeping away of this technical difficulty which has stood in the path of some Canadian residents from becoming Canadian citizens. I compliment the government upon bringing in the bill.

Hon. Thomas Vien: Honourable senators, I entirely agree with the remarks just made by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). Like him, I have had many occasions to deal with matters of this kind in our courts. The basic provision of the act is that a person who is not a Canadian citizen may become one if he has been admitted to this country for permanent residence and has lived here continuously for a period of five years. Any such person who desires to become a Canadian citizen must apply for a certificate of citizenship, and notice to that effect must be posted in the local court house for a period of three months, during which period the appropriate security officers scrutinize his application and carry out the necessary investigations.

In addition, under the provision which this bill seeks to repeal, he has been required to file a declaration of intention to become a Canadian citizen, and his application could not be granted until twelve months after that declaration has been filed. I have known of cases of desirable citizens who, after living continuously in Canada for five years and applying for a certificate of citizenship, have had to wait a whole year longer before obtaining a certificate of citizenship because they had omitted to file such a declaration.

Therefore I welcome this amendment: it will simplify the procedure. The period of three months during which the application is posted should give the security officers sufficient time to carry out their investigation.

Hon. Mr. Roebuck: And I understand that if more time is required for the investigation it may be granted.

Hon. Mr. Vien: Yes, and the applicant has to wait. Furthermore, one must not overlook the fact that before the applicant was admitted to Canada a long investigation of him had already been made.

Hon. John T. Haig: Honourable senators, I am rising not to object to or agree with the bill, for the bill is all right, but to draw attention to the fact that in a number of places—for instance, in Winnipeg, Vancouver, Halifax, Montreal, London, Ottawa and Toronto—leading citizens, especially members of the bench, attend and take part in the ceremony of conferring Canadian citizenship. A few words are addressed to each person upon receiving his citizenship papers, and he is reminded of what it means to be a Canadian citizen. I think that practice is to be commended and that it should be followed throughout the country, for it seems to me that sometimes not enough significance is attached to the conferring of Canadian citizenship. It is very important to the recipient, and has become increasingly so since about the year 1920. I would urge upon the government that everything possible be done to encourage authorities in the various centres to see that the ceremony to which I have referred is adopted when certificates are granted by the courts. Such a ceremony at which I was once present in Winnipeg greatly impressed me and brought clearly to my mind what it means to be a citizen of Canada. Two or three of the people who received citizenship certificates on that occasion came to my office afterwards and said, "Mr. Haig, that was a wonderful event and a memorable ceremony, and we are highly proud to be Canadian citizens." It is a good thing for newcomers to be so impressed, and I do hope the practice will be encouraged.

Hon. Mr. Davies: I do not wish to delay the proceedings, but I should like to ask one question which the Leader of the Government can probably answer. If a foreigner comes to Canada and lives here for five years, declares his intention and becomes a citizen of Canada, does his wife automatically become a citizen of Canada also?

Hon. Mr. Macdonald: No; his wife would have to file a separate application. Under the old act a wife did automatically become a citizen, and her name and the names of the

children would appear on the reverse side of the certificate of citizenship. In those days it was known as a certificate of naturalization. Today separate applications must be filed.

Hon. L. M. Gouin: I should like to call to the attention of the Leader of the Government the fact that under the act the applicant is obliged to have continuous residence in Canada during a period of one year before the application is heard. Sometimes it is very difficult for certain people to comply with that requirement—people, for instance, whose business takes them to the United States, Great Britain or elsewhere periodically. There is no change in the act on this point. However, I welcome the simplification that will result from eliminating the need for a declaration of intention.

I want to congratulate the Leader of the Opposition (Hon. Mr. Haig) on his remarks concerning the importance of citizenship. As a member of the Council for New Canadians, for a number of years in Montreal, I was instrumental, with the other members, in an effort to have the granting of certificates of citizenship surrounded with more solemnity. Newcomers really appreciate very much the title of Canadian, and I think it is important that the judge granting the certificate should always make some appropriate remarks. That has been the practice in Montreal since we recommended its adoption, and I trust the practice will be followed elsewhere.

Hon. Mr. Macdonald: The honourable senator from De Salaberry (Hon. Mr. Gouin) said it was necessary for an applicant to reside in Canada for a continuous period of one year prior to his application. Section 10 (1) (b) states that a certificate may be granted to a person who:

> has resided in Canada for a period of least one year immediately preceding the date of his application.

You will note the words "has resided". I do not take that to mean that the applicant must actually have remained in Canada for 365 days before the date on which his application is heard. He would have to maintain his residence here, but I do not think that would prevent him from going away from time to time on business.

Hon. Mr. Haig: He would be domiciled here.

Hon. Mr. Macdonald: The words are "has resided"; he must have resided here for one year.

Hon. Thomas Reid: Honourable senators, I presume this bill will be sent to committee, but first I wish to express a practical point of view. In my opinion it is possible to issue certificates of citizenship far too easily. I am not opposing the bill, but I want to say that anyone who has studied citizenship and knows anything about citizenship papers issued by the United States authorities must come to the conclusion that difficulties which the applicant encounters make him more proud of the certificate than if it were handed out to him too easily. It is all very well to talk about the simplicity and ease with which these certificates are to be handed out, but from a practical point of view that will not add to the pride of foreign-born people in Canadian citizenship.

I can speak freely on this subject, for I believe that I am the only member of this house who carries citizenship papers. It may interest honourable senators to know that the day I applied for my certificate the fee was reduced from $5 to $1.

Some Hon. Senators: Oh, oh!

Hon. Mr. Euler: Spoken like a true Scotsman.

Hon. Mr. Haig: You are a foreigner—you were born in Scotland.

Hon. Mr. Reid: I applied for my citizenship in order to facilitate my crossing of the United States border. I do not know whether the regulations still exist, but it used to be if in reply to the question "Where were you born?" you said you were born in England, Ireland or Scotland, you were treated as a British subject and not as a Canadian citizen, regardless of how many years you had lived here.

A great many people who emigrate to Canada value very highly their citizenship in their home land. I recall being in court on an occasion when a man who had lived in Canada for forty years applied for citizenship, and admitted that he would never have made the application had it not been for the fact that he required citizenship in order to qualify for the old age pension. The presiding judge admonished him by saying, "Then, if I had my way, I would not grant citizenship to you now."

I again warn honourable senators and the government that we should not go too far in simplifying the procedure of qualifying for Canadian citizenship. If we do so, I repeat, it will not add to the pride of those who gain citizenship in this country, the finest country in the world today.

Hon. Mr. Macdonald: Honourable senators, in closing the debate, may I say that I believe the Old Age Security Act has been amended whereby a person who has resided

in Canada for twenty years, without becoming a citizen may qualify for old age security payments.

Hon. Mr. Reid: I know that is the law now.

Hon. Mr. Aseltine: There are some of us who think that should not be so.

Hon. Mr. Macdonald: The instance cited by the honourable senator from New Westminster (Hon. Mr. Reid) no doubt occurred before the act was amended.

I should like also to inform the honourable Leader of the Opposition (Hon. Mr. Haig) that I shall bring his representations to the attention of the Minister of Citizenship and Immigration. I may also say that the practice of having a ceremony at the time of giving out citizenship certificates is more or less prevalent. I know in the city of Brantford, from which I come, and which is not one of the larger centres but perhaps one of the important ones—

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: —a ceremony takes place from time to time, and if no one else is present to impress upon the applicants the value of their new citizenship, our esteemed county court judge always does so.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

Hon. Mr. Reid: I understood the bill would go to committee.

Hon. Mr. Macdonald: Is it the wish of the house that the bill go to committee?

Some Hon. Senators: No.

Hon. Mr. Macdonald: Then I would ask that the bill be placed on the Order Paper for third reading at the next sitting.

LIBRARY OF PARLIAMENT

REPORT OF JOINT COMMITTEE

The Hon. the Speaker: Honourable senators, I have the honour to present the first report of the Joint Committee on the Library of Parliament. When shall this report be taken into consideration?

Hon. Mr. Lambert: Honourable senators, I ask that this report be taken into consideration at the next sitting of the house.

The Senate adjourned until Tuesday, May 11, at 8 p.m.

THE SENATE

Tuesday, May 11, 1954

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

DIVORCE PETITIONS

REPORTS OF COMMITTEE

Hon. Mr. Roebuck (Chairman of the Standing Committee on Divorce) presented the committee's reports Nos. 390 to 399, dealing with petitions for divorce, and moved that the said reports be taken into consideration at the next sitting.

The motion was agreed to, on division.

CRIMINAL CODE BILL

SECOND READING

The Senate resumed from Wednesday, May 5, the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill 7, an Act respecting the criminal law.

Hon. Arthur W. Roebuck: Honourable senators, this long and difficult bill has been the subject of study for some five years, first by the Criminal Code Revision Commission, and since then by this and the other house. I approach discussion of it by expressing gratitude to the honourable senator from Toronto (Hon. Mr. Hayden) for the very capable review which he gave of the bill as it came back to us from the House of Commons. I am grateful to him not only for what I learned from what he said, but also because his review makes it unnecessary for me to attempt any comprehensive discussion of the measure and leaves me free to refer only to those sections in which I am especially interested or on which I think comment would serve some useful purpose.

Will honourable senators permit me a general comment? In my humble opinion this bill in its present form is a better statement of the criminal law of Canada than that which is contained in the Criminal Code now in force. Not only is it a better, but it is a shorter statement, and that is of some virtue. There are in the code 1,152 sections; in the bill before us there are 753. In other words, the bill we are now considering is shorter than the code by 399 sections. What has been omitted from the bill is a considerable document in itself; as a matter of fact, it would make a fair-sized book. Further, the code has 382 pages, while the bill has 297, or 85 fewer pages. That is a conservative calculation, because from a comparison of the two documents I am quite sure that there is more reading to the page in the code than in the bill; so in reading matter the bill is shorter than the code by more than 85 pages. Perhaps I am overstating the value of condensation, but remember that the Criminal Code is a public document that is supposed to be understood by the common people of this country, not by magistrates and lawyers alone, and that it affects the lives of thousands upon thousands of people. Therefore, the advantage of a short, simple, concise and readable statement of the code is almost inestimable.

Condensation, however, is not the only accomplishment that one finds in this new bill. Generally speaking, in my judgment the rewriting of the measure has resulted, first, in a clearer statement of most of the sections, secondly, in the elimination of a very considerable amount of dead-wood; and thirdly, in a better arrangement of the subject-matter, a very important improvement in an act of parliament which is being used daily in magistrates' courts, as is the code.

The work that has been done on this bill, I suggest to honourable seantors, is another illustration of the part which the Senate plays in the revision and improvement of legislation. When the bill was introduced here in the first place it was regarded by some as an almost perfect measure; it was backed by some great names of both bench and bar and by high officials of the Department of Justice. We were assured by the Minister, who spoke in this house on the presentation of the bill, that it was a very fine piece of legislation—and, of course, in the main it was, notwithstanding the fact that we pulled it to pieces and found opportunities for improvement. We made no less than one hundred and seventy-nine changes in the bill before it was sent to the House of Commons, and under provocation of the scrutiny which the bill received at our hands the Department of Justice worked on it again during the parliamentary recess. At the present session, the bill was brought down in the Commons, and that house made seventy-one amendments to it before sending it on to us.

I would like to make as forcibly as I can this general observation: there is simply no substitute for what takes place in the discussions of deliberative assemblies in the preparing and perfecting of legislative measures—measures to which large numbers of men must submit.

The criminal law, like the city of Rome, was not built in a day. It is the result of

many years of development. It is the product of time, of experience and of endless discussion, not only in high places but in low places; on the bench, in magistrates' courts, in legal circles and in parliament. The sum total of all this thought has produced the criminal law of today. In my opinion the House of Commons improved on the work that we did, as we improved on the work of the royal commission and of the departmental officials.

The first of the sections in which I am specially interested is clause 9, with respect to appeals from convictions for contempt of court. Usually, I have found, there is a tremendous resistance to any proposal to change from the established order. As a lifelong reformer, I can say that with some feeling. But in this instance—a very refreshing instance indeed—I have found a rather new experience. From time immemorial the judge has exercised absolute authority in the court over which he presides. Contempt of court procedure has a much greater purpose than of merely sustaining the egotism or the vanity of somebody who sits on a bench. That, really, is not the idea at all. Contempt of court is the holding up to ridicule, not necessarily of the judge personally, but of the administration of justice which is in his hands. Contempt of court is interfering with the processes of the court, so as to impede or to prevent the granting of justice as between the crown and an individual on trial or as between individual and individual. Finally, it is the disobeying of the court's orders. The jurisdiction of the judge in matters of contempt of court extends far beyond the confines of the court itself, and the judge may summon a person to appear before him to answer for an act to which the judge objects. In charges of contempt of court the judge may be the witness against the accused; he registers his judgment without the intervention of a jury, and he finally imposes the penalty. It can be seen, therefore, that the authority of the judge is not only wide but it is arbitrary; and under criminal law from time immemorial, both in this country and in Great Britain, there has been no appeal from either the conviction or the penalty which a judge may impose for contempt of court. As far as I know there is no limitation, either by statute or common law, on the severity with which a judge may deal with the accused in convictions of this kind.

When this legislation first came before the Senate, as Bill H-8, I thought fit to suggest that there should be an appeal in these cases, and at that time the newspapers published widely my suggestion. The Senate agreed, both in committee and in the house, that there should be an appeal against both convictions and penalties in cases of contempt of court. When I returned to Toronto for the Christmas vacation, I wondered just what would be said to me by judges because of the limitations of authority which I had suggested, but when I interviewed a number of the high court judges I was surprised to find that they were all in favour of my proposal; indeed, Chief Justice McRuer, of Ontario, had actually published a pamphlet in which he advocated this idea, and he sent me a copy of his brochure. However, I was assured by the judges that, if we took away the arbitrary character of these adjudications, there would be many more convictions for contempt of court and many more penalties imposed than there have been in the past. That frightens me not in the least, for I have already shown that contempt of court usually consists in contempt of the rights of some individual who is subject to the court—an interference between the court and some person indicted that may make a fair trial impossible, or it may consist in interfering in litigation so as to prejudice the case of one litigant and advance the case of another. That is interference with the course of justice which should not be allowed. Therefore, I am not at all worried by the statement that abolition of the present arbitrary procedure would result in more convictions and more penalties than have been imposed in the past.

I need hardly remind honourable senators that the proposed amendment was praised in the press from coast to coast; and now the Commons, too, have expressed their approval, much to my satisfaction. However, the Commons went farther than we did. In our effort to be moderate we did not provide an appeal from a conviction by a judge for an offence of this kind committed in the face of the court—that is, committed while the court is in session—but we did give an appeal from the penalty imposed under those circumstances. The Commons went farther and gave an appeal from the conviction as well as the penalty, and whether the offence is committed in court or out of court. I am ready to go along with them in that, but unfortunately they have made the right of appeal subject to leave of the court of appeal or a judge thereof. I am opposed to that. In my judgment, an application for leave to exercise the right of appeal is unnecessary and serves no useful purpose. The argument for the right of appeal must necessarily be upon the merits of the case; likewise, the argument with regard to the conviction itself or the penalty must necessarily be upon the merits of the case. The aggrieved party must thus present to the court of appeal two

arguments when one will suffice. Two procedures, when one will do, but add to the expense of appeal, and of course involves delay.

Finally, in my judgment an appeal should be allowed as of right and not as a matter of grace or of favour. I hope that when the committee examines these sections it will recommend to the house that we accept the widening of the grounds of appeal as suggested by the Commons, but that we strike out that provision added by the Commons making necessary two procedures for one purpose. We should strike out the requirement for consent to appeal, for it is of no value and involves the extra expense and delay of two arguments.

The next section to which I wish to refer is that with regard to treason. I suppose it is unreasonable to expect that honourable senators will now recollect the protest which I made against section 46 (e) in bill H-8, when it came before us two sessions ago. That section then read as follows:

46 (1) Every one commits treason who, in Canada,

(e) conspires with an agent of a state other than Canada to communicate information or to do an act that is likely to be prejudicial to the safety or interests of Canada.

Observe, honourable senators, the paragraph does not say "communicate information prejudicial to the safety or interests of Canada", although that could be read into it: it applies to all information. What are the interests of Canada? Are they the interests of some class in Canada? If so, such a section would indeed be pernicious. Were we making it treason to tread upon the toes of the corporate or financial interests of Bay street or St. James street? Evidently the Senate agreed in part at least with my denunciation of this section, because we struck out the words "interests of Canada".

And then perhaps honourable senators will recollect that I protested against making it an offence to communicate information to the agents of a foreign state. There are literally thousands of people who might be described as agents of a state other than Canada: indeed, all the civil servants of another state are the agents of that state, as are members of the armed forces, and there are many others. To ban the giving of all information to so large a body of people is an unwarranted limitation of freedom of speech and the press in Canada. I argued further that the prohibition of giving information of that kind was not in keeping with the historic idea of treason; and I succeeded, if you will remember, in having that section transferred from the treason provisions and placed under the heading "prohibited acts". One of the results of that change was that it reduced the penalty from death to fourteen years' imprisonment. However, I was not at all satisfied that the section should be retained at all. So, I am very much pleased that the Commons did what I think we should have done, that is replaced a badly drafted and objectionable section by a completely new section. The substituted section now reads:

46 (1) Every one commits treason who, in Canada,

(e) without lawful authority—

Which is a good provision.

—communicates or makes available to an agent of a state other than Canada, military or scientific information—

That is a different matter from all information.

—or any sketch, plan, model, article, note or document of a military or scientific character that he knows or ought to know may be used by that state for a purpose prejudicial—

Not to the interests of Canada.

—to the safety or defence of Canada.

I wish to congratulate both the Minister of Justice and the House of Commons upon having put something which is treason into this treason section, and upon wiping out the highly objectionable wording to which I have referred. Obviously the betrayal of valuable scientific or military information to a foreign state which the betrayer knows or ought to know will be used to the disadvantage of Canada, is treason of the most despicable kind, and should be clearly prohibited and punished.

There are three sections to which I should like to refer, and which the honourable senator from Toronto (Hon. Mr. Hayden) in his excellent speech of last Wednesday mentioned as a group, because each has a labour connotation. I refer to sections 52, 365 and 372. I may say that these sections, from my personal experience, have been regarded in union circles from coast to coast as anti-union; and so widespread has been the objection taken to them by large numbers of people that the Commons saw fit to save organized labour harmless from their application. To the Minister of Justice I give credit for his efforts to make this particular criminal law acceptable to the labour unions of Canada.

But observe this: these sections although made inapplicable to the activities of unions, still apply to the rest of us, and I submit that legislation sufficiently vicious that it must be made to by-pass the organized and the powerful, and left to apply to the unorganized and the uninfluential, should be eliminated entirely. I do not like making fish of one and flesh of another, and there is that

element in the amendments which now come to us with regard to these three sections. Now, let me take them one by one and in the numerical order that I have mentioned. I commence with section 52. First I will read it as we passed it in Bill O.

52. (1) Every one who does a prohibited act for a purpose prejudicial to

(a) the safety or interests of Canada, or

(b) the safety or security of the naval, army or air forces of any state other than Canada that are lawfully present in Canada, is guilty of an indictable offence and is liable to imprisonment for ten years.

Now, as I said, I took objection to that phrase "the interests of Canada" because it might mean the interests of some class in Canada, and I see that the Commons have struck out the phrase in this section as they did in another, and they have substituted "(a) the safety, security or defence of Canada". That is a very great improvement. I congratulate the Commons and the Minister upon doing what I think we should have done when the bill was before us.

I will now read the section as it appears in section 52 of Bill 7, the bill that is before us:

52. (1) Every one who does a prohibited act for a purpose prejudicial to

(a) the safety, security or defence of Canada, or

(b) the safety or security of the naval, army or air forces of any state other than Canada that are lawfully present in Canada, is guilty of an indictable offence and is liable to imprisonment for ten years.

I submit that the section, so far as I have read, is much less objectionable than it was in Bill O, if it is objectionable at all. But, let me go on. I will read subsection 2 of section 52 of Bill 7:

(2) In this section, "prohibited act" means an act or omission that

(a) impairs the efficiency or impedes the working of any vessel, vehicle, aircraft, machinery, apparatus or other thing, or

(b) causes property, by whomsoever it may be owned, to be lost, damaged or destroyed.

Let me comment on that. I have no objection at all to penalizing those who prejudice the safety, security or defence of Canada or of our armed forces, but I do object to hitching that prohibition to publicly or privately owned property. There is no need to drag in all property and make that an element in the offence. As the subsection now stands it means that anyone who impairs the efficiency of any publicly or privately owned mechanical device, from a jacknife to a cargo ship, or causes any kind of property to be lost, damaged or destroyed, risks being liable to a ten-year term in the penitentiary, if the result is prejudicial to our own or any visiting armed forces and observe that this applies both in times of peace and in times of war. Is it not sufficient to prohibit acts prejudicial to Canada or our armed forces without coupling that type of loyalty to private property rights? I confess, honourable senators, that I am much more concerned with human rights than I am with property rights. Property rights are, after all, the rights of humans with regard to property, and I object to hitching property rights, and all that goes with such rights, to the loyalty of those who would not for the world interfere with the safety of our armed forces.

And then, as though section 52 were not enough to support the sacred rights of property, there now appears in Bill 7 a section entitled "Mischief", which is number 372. Let me read it as it appeared in Bill O, which we revised. This is under the title of "Mischief":

372. (1) Every one commits mischief who wilfully

(a) destroys or damages property,

(b) renders property dangerous, useless, inoperative or ineffective,

(c) obstructs, interrupts or interferes with the lawful use, enjoyment or operation of property, or

(d) obstructs, interrupts or interferes with any person in the lawful use, enjoyment or operation of property.

(2) Every one who commits mischief that causes actual danger to life is guilty of an indictable offence and is liable to imprisonment for life.

(3) Every one who commits mischief in relation to public property is guilty of an indictable offence and is liable to imprisonment for fourteen years.

(4) Every one who commits mischief in relation to private property is guilty of an indictable offence and is liable to imprisonment for five years.

Honourable senators, I have no objection to penalizing any person who endangers human life. I might not make the punishment quite so severe as life imprisonment, but there is no objection in principle to defending the citizen against threats to his life. There is no objection to defending public property. There are other sections in the bill which do that in both instances. And there is no objection to defending private property; indeed, in the code you will find provisions prohibiting the wilful destruction of property. To that we are all agreed, but to make it "mischief" in this fashion is quite another matter. When this section was before us at the last session of parliament I pointed out that no strike ever occurred in Canada or elsewhere which did not in some way interfere with the operation or enjoyment of property. Obviously the purpose of a strike is to interefere in some way with the profitable use of property. In committee I submitted an amendment as follows:

A lawful act done in furtherance of the purpose of a trades union is not mischief.

I then found myself in the somewhat humorous position of being the only one who

voted for my amendment. Honourable senators may smile when I recall my quip at the time in this house that I stood in what I called "splendid isolation", but I added these words: "You will hear about this clause in the future, or I am no prophet". Honourable senators, I was a prophet, and a good prophet, for my words alerted the labour unions of this country from coast to coast and liberal-minded people all over Canada, including members of the House of Commons and the Minister of Justice; and the result is that both these objectionable sections, namely 52 and 372, come back to us with provisions added which purport to make them non-applicable to labour unions. Unfortunately, however, they are left applicable to the rest of us. Let me read the saving clause. I will read that which appears in Bill 7 as section 52, subsection (3), and senators will note that almost exactly similar words have been added to both sections.

(3) No person does a prohibited act within the meaning of this section by reason only that

(a) he stops work as a result of the failure of his employer and himself to agree upon any matter relating to his employment,

(b) he stops work as a result of the failure of his employer and a bargaining agent acting on his behalf to agree upon any matter relating to his employment, or

(c) he stops work as a result of his taking part in a combination of workmen or employees for their own reasonable protection as workmen or employees.

Then, subsection (4):

(4) No person does a prohibited act within the meaning of this section by reason only that he attends at or near or approaches a dwelling house or place for the purpose only of obtaining or communicating information.

I congratulate the House of Commons and the minister on relieving labour unions from the operation of these highly objectionable sections. But the question naturally arises, what about the rest of us? Are we to remain subject to restrictions and penalties simply because we are not so well organized to protect our liberties? I favour the amendment as it stands, but as I do not believe in making fish of one and flesh of another I submit that both clauses in their entirety should be eliminated.

I now refer to section 365. It is associated with sections 52 and 372 because of its actual or possible effect upon labour unions. In section 365 there is reference to the breaking of contracts. I will read the clause as it appears in Bill No. 7:

365. (1) Every one who wilfully breaks a contract, knowing or having reasonable cause to believe that the probable consequences of doing so, whether alone or in combination with others, will be

(a) to endanger human life,

(b) to cause serious bodily injury,

(c) to expose valuable property, real or personal, to destruction or serious injury,

(d) to deprive the inhabitants of a city or place, or part thereof, wholly or to a great extent, of their supply of light, power, gas or water, or

(e) to delay or prevent the running of a locomotive engine, tender, freight or passenger train or car, on a railway that is a common carrier, is guilty of

(f) an indictable offence and liable to imprisonment for five years.

With regard to this first subsection, I agree that no employer or employee should condone bad faith in the breaching of contracts. Integrity in the observation of contracts is the basis of civilized life. But let me point out that contractual rights are civil rights, and from time immemorial civil rights have been enforced in civil courts. Such courts may order specific performance or give damages for breach of contract. In the past, it has not been criminal to breach a contract, but now we are asked to make breach of contract a crime, incurring penalties. I say that society is perfectly right in protecting itself against such disasters as the cutting off of supplies of light, power, gas, water and transportation. But I would add that, in respect of that right, it makes little difference whether any contract or breach of contract is involved. I am not prepared to agree that society's right to defend itself exists only when there is a breach of a contract. It is inherent in society to protect itself whether or not a contract is involved and whether or not there is a breach of contract. It seems to me, therefore, that the enforcing of the contract should be left, where it belongs, to the civil courts, and that the protection of society against the loss of its public services should be a matter of comprehensive legislation for which some government should take responsibility; rather than having both these matters dealt with in this haphazard fashion in the proposed Criminal Code as we find it. It is bad draftsmanship; it is not good statesmanship; it has not been well thought out; and I submit that the Senate should courageously redraft the entire section.

In my view section 365 is not sound legislation, and the government in consequence ran into difficulty with the labour unions in respect to it. There has been a widespread outcry from coast to coast against what labour unionists regarded as anti-unionist legislation. I give the Minister of Justice credit for struggling manfully to satisfy the labour unions. As a result of his efforts he secured some very, very qualified approval from the three congresses of labour to the amendments which he made to this section. The section comes back to us with the following amendment:

(2) No person wilfully breaks a contract within the meaning of subsection (1) by reason only that

(a) being the employee of an employer, he stops work as a result of the failure of his employer and himself to agree upon any matter relating to his employment, or,

(b) being a member of an organization of employees formed for the purpose of regulating relations between employers and employees, he stops work as a result of the failure of the employer and a bargaining agent acting on behalf of the organization to agree upon any matter relating to the employment of members of the organization.

if, before the stoppage of work occurs, all steps provided by law with respect to the settlement of industrial disputes are taken and any provision for the final settlement of differences, without stoppage of work, contained in or by law deemed to be contained in a collective agreement is complied with and effect given thereto.

Honourable senators, I have read and reread this section. I have considered every word of it, but I admit that I do not know what the section means. Does it mean that a workman who quits work during the term of an agreement, and so breaches the agreement, does not in fact breach it if, prior to to quitting work, the conciliation processes of either dominion or provincial law have been run through, and all steps deemed by law to be contained in the collective agreement have been observed? Does the section provide that a breach of contract is not a breach of contract under these circumstances? On the other hand, does the section prohibit the quitting of work after the termination of an agreement but before conciliation procedures and everything deemed to be in the agreement have been completed? Finally, does the section give the force of criminal law to acts of provincial legislatures now in effect or later to be enacted? It looks as though it does. Honourable senators will not be surprised when I tell them that the debate in the other house on this particular question filled thirty-one pages of Hansard. So doubtful did that house appear to be about this section that the government took the precaution of adding the further provision that no proceedings under the section shall be instituted without the consent of the Attorney General. I suggest that this section should be read with extreme care by every senator in this house. I further suggest that we should not approve this legislation until we have heard the officers of the three great federal unions: The Trades and Labour Congress of Canada, The Canadian Congress of Labour, and The Canadian and Catholic Confederation of Labour.

There are only two more sections to which I wish to refer, namely, sections 690 and 691, which deal with applications for habeas corpus. Under the code as it now reads, and under criminal law as it has stood from time immemorial, there is no appeal from a judge's decision refusing an order compelling those responsible for the imprisonment of an individual to show authority for his detention. There has never been any appeal by the crown against a habeus corpus order, for officials of the crown must by law be ready at all times to justify in the courts the imprisonment of an individual.

Should a judge order his release, the prisoner is set free immediately, and that is the end of it. No appeal is provided for the applicant, because appeals take time, and the liberty of the subject is a matter from day to day. Since appeal in these circumstances is impracticable, the application for a writ of *habeas corpus* may be secured from any judge who is available. The prisoner's friends or counsel may apply to as many judges as may be reached in order to find one who will take the responsibility—and it is not a great one —of requiring the crown officials to justify the detention of the prisoner. Honourable senators, that system has been in effect from the time of Magna Carta, and it has furnished a cardinal, basic, legal provision for the security of the subject.

Sections 690 and 691 propose to abolish the right of the subject to apply for an order of *habeas corpus* to all judges available or to as many as necessary, and in the place of such right to grant the right of appeal from the first judge's decision, should he refuse to grant the application. Honourable senators, this is a major change in a primary, time-honoured, British, right of the individual. In my judgment, the proposal to grant an appeal to the crown against a *habeas* order to produce the body is even more grave, for it means that authorities may continue the imprisonment of an individual after a judge has granted an order of *habeas corpus,* or actually ordered his liberation, by simply filing a notice of appeal, at least until the matter finally comes before a court of appeal. The gravity of that proposed change was recognized by the Commons when they added to section 691, subsection 3, as follows:

Notwithstanding anything in part XVIII or in rules of court, the appeal of an appellant who has filed notice of appeal shall be heard within seven days after the filing of proof of service of the notice of appeal upon the respondent and, where a notice of appeal is filed when the court of appeal is not sitting, a special sittings of the court of appeal shall be convened for the purpose of hearing the appeal.

That is to say, even though the court is in session, the notice of appeal need not be served until the end of a whole week after a judge has ordered the jailer, to produce the body, or after a judge has said that the man should be freed. That is a decided and important restriction upon the right of *habeas corpus* which should be justified to us beyond all measure of doubt before it passes this house.

At the moment I am not prepared to argue completely the wisdom or unwisdom of this new suggestion, but, honourable senators, when I see a major change made in one of the fundamental rights that we call British justice, it gives me pause, and I want it justified beyond all peradventure before I consent to it.

I suppose this house will send the bill to the Banking and Commerce Committee.

Hon. Mr. Reid: May I ask the honourable senator a question?

Hon. Mr. Roebuck: Yes.

Hon. Mr. Reid: Am I to understand that, under the section as it now stands, a man who has been freed from jail by some judge could be held, when an appeal is filed, for seven days or more?

Hon. Mr. Roebuck: Yes, that is right. As the law now stands, a man ordered by a judge to be freed is released right then and there, and that is the end of it. If anybody feels that some relative or friend has been improperly imprisoned, and he can find a judge who will make an order of *habeas corpus,* the prisoner is brought before the judge at once and the jailer is required to show his authority for detaining the prisoner. That is the most fundamental provision of all British law—to maintain and protect the security of the subject. I hope this bill will go to the Banking and Commerce committee, and that that committee will refer it to a smaller committee, or to several small committees, so that each one of the bill's provisions may receive the same meticulous care, inquiry and scrutiny that was given to Bill H-8 and Bill O when they came before us in previous sessions.

Thank you.

Some Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable senators, I do not intend to make a speech on this bill, but I do want to appeal to the members of the Banking and Commerce Committee, to which this bill will undoubtedly be sent. Many other important pieces of legislation have come before this house in the last ten or fifteen years, but this bill deals with a very important matter affecting this country, namely, the criminal law as set out in the code. This proposed legislation, of course, is a re-enactment, not only of the old Criminal Code in Canada, but of the common law in England

As the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has pointed out, this bill in one form or another has been before us on two occasions. But the practical problem as I see it, is that when the present bill is referred to our Banking and Commerce Committee many honourable senators who do not belong to the legal profession will say that it is a matter for the lawyers to discuss and decide. I want to say most emphatically that the decisions to be made are the responsibility of every member of the committee, and perhaps the responsibility is a little greater for the members who are not lawyers.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Haig: Undoubtedly this will be our last opportunity to discuss the criminal law, as the bill will be passed at this session in some form or other. The subject has been before parliament long enough to permit us to decide what conclusions should be reached. Therefore, if I may speak on behalf of the Senate, I implore every member of the Banking and Commerce Committee to attend its meetings. True, at times the subject-matter may seem dull to some members. But law, as an abstract thing, is a little dull, and perhaps even a little stupid, especially to people who are not lawyers.

Hon. Mr. Macdonald: Now, now.

Hon. Mr. Haig: As both the honourable senators from Toronto-Trinity (Hon. Mr. Roebuck) and Toronto (Hon. Mr. Hayden) have pointed out, there is often a difference of opinion. But it is important to remind ourselves that we still have trial by jury in this country. In the province of Manitoba lawyers are exempt from jury duty, and I think it is generally so throughout Canada that juries are composed of laymen. They are the people who decide the law in the country.

Hon. Mr. Aseltine: They decide the facts.

Hon. Mr. Haig: Yes, they find the facts.

We are by this bill drafting new legislation and if, for instance, the senator from Toronto (Hon. Mr. Hayden) should take one side of a question and I should take another, it will be up to the laymen on the committee to decide which view in their opinion should become the law of Canada. Every member of the committee must share responsibility for what the committee does.

The Banking and Commerce Committee of this house has done some fine work. The outstanding example is its work in respect to the income tax legislation. It was the Senate which advocated the setting up of the Income Tax Appeal Board, and it took the House of Commons two or three years to recognize the importance of our committee's investigation and to adopt its recommendations. The Income Tax Appeal Board has done much to make the income tax law of Canada readily enforceable.

I repeat, it is the responsibility of every member of the committee, lawyers and lay members alike, to give adequate consideration to this important bill. I do not think its consideration will take as long as my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) anticipates. The subject has been well covered by the two senators who have spoken on the second reading of the bill. However, undoubtedly a vote will be taken in committee on some sections.

Perhaps I may be permitted to say that this has not been a busy session. But now we have a real job of work in the proper examination of the proposed new code, and we should all do what we can to ensure that Canada's criminal law is just as good as we can make it.

I should like to suggest that the Minister of Justice attend the committee's meetings; at least, that he be invited to attend them. He has a first-hand grasp of the subject; whether we agree with his views or not, I think he has more knowledge in this field than any other member of the House of Commons. He has made a great contribution to the discussions in that house, and he would be of invaluable assistance by meeting with us and telling us why he did this or that and did not do something else. His explanations would help us to reach proper decisions.

Hon. Salter R. Hayden: Honourable senators—

The Hon. the Speaker: Honourable senators, if the honourable senator from Toronto (Hon. Mr. Hayden) speaks now, he will close the debate.

Hon. Mr. Hayden: With respect to a number of things which my friend the senator from Toronto-Trinity (Hon. Mr. Roebuck) has said, I am in agreement. In the two previous sessions when the bill was before us he played an active and vigorous part in the consideration of it; and the position he took then with respect to certain sections was the same as he has taken tonight. I recall that in this very chamber he attempted at one stage to be prophetic with relation to sections 52, 365 and 372. But when my friend, in discussing sections 52 and 372, states a view which, as I understand it, is certainly contrary to the view I hold, I have to indicate the considerations which I think should govern us when we come to decide in what form these sections should finally go forward.

Section 52 deals with sabotage, and section 372 with mischief. My friend, having a logical mind, is driven to a logical conclusion; and he realizes just as well as anybody else who reads these two sections that when you provide saving clauses to substantive offences of the nature of sabotage, wilful damage to property and endangering of public health and life, and when you single out a section of the community to benefit from those saving clauses, instead of extending the benefit to all the people, there must be very sound reasons for doing so. Being driven by his logic, my friend first says that he congratulates the Minister of Justice upon having provided the saving clauses, because these two sections seem to be aimed at labour and their unions. Then, logical as he is, he says he cannot see any justification for a section which creates a criminal offence, yet which exempts from its effect a certain group of people because they may be more vocal through their organizations than the rest of the people; and therefore, he argues, these sections should disappear entirely.

Now, to say that section 52 should disappear entirely is to say that we have no need in our law for an offence known as sabotage in the terms in which it is provided in this bill. And to say that there is no need for section 372, which deals with mischief—and I am more concerned about the offence itself than the name used to describe it—is to say that we have no need for an offence dealing with wilful damage to property and endangering of life. It is a matter of policy, of course, to decide whether or not there should be such substantive offences and whether they should be created in the terms in which this bill creates them. They antedate the present bill, and have been part of the law of our land for many years. As a matter of fact, the first three paragraphs of subsection (1) of section 365, which has to do with a criminal breach of contract and to which my friend referred, go back to about the year 1877, and the remainder of the subsection goes back, I think, to the consolidation which took place in 1906. In the present code it is known as section 499. The only unfortunate feature of section 499 is that it used such language that a prosecution under it could never have been successful. I suppose that is why nobody ever objects to the section. The wording is defective, as my friend undoubtedly knows. The section deals with breach of contract connected with the supply of power, light, gas or water, and it says that every one is guilty of an offence who:

> being bound, agreeing or assuming, under any contract made by him with any municipal corporation or authority, or with any company, to supply any city or any other place or any part thereof, with electric light or power, gas or water, wilfully breaks such contract . . .

Well, by no stretch of the imagination could it ever be suggested that the man who works in an electric power plant or in a gas

plant or in a water supply plant is a person who has a contract with the city for the supply of water, light or power, so the language which was used made the section a meaningless sort of thing for a great many years.

The first three paragraphs of subsection (1) of section 365 have been in force since 1877. They read as follows:

> 365. (1) Every one who wilfully breaks a contract, knowing or having reasonable cause to believe that the probable consequences of doing so, whether alone or in combination with others, will be
>
> (a) to endanger human life,
>
> (b) to cause serious bodily injury,
>
> (c) to expose valuable property, real or personal, to destruction or serious injury,

I think any person who has any appreciation of the rules and regulations needed in order that organized society may function properly and for the greatest good of the greatest number, would certainly have to agree that some kind of substantive offence involving those prohibitions must be part of the law of our land if we are going to have an effective weapon for the protection of the security and the decent living of the people of the country.

Hon. Mr. Reid: Will the honourable senator allow a question? Take the case of a man who has no contract with the company, and is looking after a small power plant in a small town, with a hospital probably depending on the plant's operation. If he walks out and leaves the city and the hospital without light, is there anything in that section to cover his case?

Hon. Mr. Hayden: Of course, my friend is dealing with a different offence. At the moment I was only commenting upon section 365, by way of interjection, to show that it is not something new, that parliament in its consideration of the code is not creating a new offence.

In paragraphs (d) and (e) of subsection (1) of section 365 the language is made to be meaningful instead of having no meaning at all. When moving the second reading of the bill I referred to what might be regarded as the corresponding section in the present law, but it seems to me that the general observation that I made is still sound, that if people are bound by contract to perform certain services or to do certain things and they wilfully break that contract, thereby endangering human life, that is properly an offence.

There is an exception to section 365 which covers the case of a union having a contract with an electric power plant or some other organization. If the union has exhausted all its rights under the contract and as required by law in the matter of bargaining and negotiation, and a legal strike takes place, one which is proper under the law, I think that the situation is tantamount to one where there is no legal and effective contract; and if there is no legal and effective contract, there cannot be a breach of contract. As I said the other day, even if the Commons had not put the saving clause in section 365 it would still be a good defence for a man to say, "My contract is at an end for this purpose". Therefore I had no objection to the changes made in section 365.

Now we come to section 372, dealing with mischief. Let us consider for a moment how destructive of any meaning the saving clause is with reference to the offence created under this section. Subsection (1) says that every one commits mischief who wilfully destroys or damages property. Then subsection (2) says:

> Every one who commits mischief that causes actual danger to life is guilty of an indictable offence and is liable to imprisonment for life.

And subsection 5 says:

> Every one who wilfully does an act or wilfully omits to do an act that it is his duty to do is, if that act or omission is likely to constitute mischief causing actual danger to life, or to constitute mischief in relation to public property or private property, guilty of an indictable offence and is liable to imprisonment for five years.

Now, that is the essence of the offence—wilfully. If I wilfully do an act, or wilfully omit to do something which it is my duty to do and as a result of which it is likely to constitute mischief, constitute actual danger to life or to property, that is the offence. Then the Commons added a saving clause, the effect of which is to single out a certain section of the community, not only the unions but any employee of a company, and to provide that if an employee has a contract in good standing and therefore has a duty to his employer, and if the employee has no grievance but walks off the job to discuss labour problems or protection with other members of his union or to picket at another plant which is not associated or identified in any way with his employer, then in those circumstances his walking off the job is not an offence under section 372.

Now, how can you argue logically in support of a saving clause when the offence consists in the wilful doing of something or the wilful omission to do something which it is a duty to do? If you take that as being the essence of the offence, and if the man walks off the job under the circumstances which I have related and abandons the operation that he is looking after, and human life is thereby endangered, how can you say that he should be excused? I would say this, that quite apart from the saving clause, if the employee were able to go into

court when faced with a charge under section 372 and to say to the court that he had no intention of doing any damage, that he did not realize or appreciate that his going away from work would result in damage, and if the court believed his explanation, there could be no conviction under section 372. But why should one section of the community be favoured by being provided with a defence or a possible defence to a charge under this section, when such a defence is not open to anybody else?

I am not speaking against the unions. My honourable friend has said that these sections, including No. 372, have a "labour connotation." I say in all seriousness that they have no more a labour connotation than they have a connotation in relation to any person who brings himself within the scope of the substantive offence by doing something which is made a substantive offence. As far as I can gather, the clause is not aimed at labour. It is true that labour representatives have seen in it the possibility of application to the unions, but so may any employed man see the possibility of its application to him, or so may any employer. Those who choose to disregard a clear provision of the law in the form of a substantive enactment must be prepared to take their chances. Under these circumstances I do not think it is right to create an offence which involves the intent—the wilful intent—to destroy property or to endanger life, where the duty is to do exactly the opposite, and then to permit the offender to plead that because it was in furtherance of his union views and principles to meet with his brother members, he should be excused for what otherwise, under section 372 or section 52, would be an offence. It does not seem to me sufficient to argue that the act was done for the purpose of meeting other union members to discuss matters of mutual interest, or of going on a picket line to help a brother in another industry to picket his employer's plant. It is perfectly proper for a man to go on a picket line, but if he has a valid contract or a duty to those for whom he is working he should give thought to that duty as being, perhaps, paramount at the moment, and if he wants to assist in picketing he can do it after hours or otherwise arrange his activities for that purpose.

I say in all seriouness, with regard to this offence of mischief, whether it be called "mischief" or "wilful damage to property," that it is proper, in my opinion, to have in the criminal law a provision to regulate the conduct of people in their business and their day-to-day relations, and to ensure proper respect for human rights, life, and property, whether that property be public or private.

I have also something in particular to say in relation to section 52, which defines sabotage. I think we shall agree that at this time, possibly more than at any other time, there is need for very stringent provisions with regard to sabotage, which means the doing of acts causing damage to property, and under certain circumstances endangering life, and which acts are prejudicial to "the safety, security or defence of Canada." So far as section 52 is concerned, one can do such acts to his heart's content unless it is established that they are prejudicial to the safety, security or defence of Canada. My honourable friend, in speaking on this matter, did not seem sure whether this section should be linked with—or "hitched" to, I think was the expression he used—private property rights. Suppose it may be said that the section does not achieve that end. What is accomplished by it is to "hitch" the safety, security or defence of Canada to those private operations the damaging of which would be prejudicial to the safety, security, or defence of Canada. Let me illustrate. At the Avro plant substantial operations for the defence of Canada are being carried on, yet the enterprise comes within the classification of a private as opposed to a publicly-owned operation of the people of Canada. Supposing in these circumstances some employees or groups of employees of the plant walked out, without notice, at a time when their contract was in good standing and they, as well as the employer, had duties and obligations under it, and as a result of their walk-out and neglect of duty the safety, security or defence of Canada was endangered. Would it be in the interests of Canada to insert a saving clause which would excuse the defendants if they could satisfy the court affirmatively that they left their employment, not with any intention prejudicial to the safety, security or defence of Canada, nor with the intention of damaging property, but solely to join in a picket line to help out union members in respect of some entirely different industrial operation? In my opinion there should be no qualification of the language which creates an offence which has as its basis an act prejudicial to the safety, security or defence of the country. Every person should be required to take his chances in relation to everything he does, and to so govern and regulate his actions that he shall not create damage to property or to life which can be established, by the proof required in a court of law, to be prejudicial to the safety, security or defence of Canada.

For these reasons, in my view, the saving clauses in sections 52 and 372 in the form in which they appear have no place there

at all. Whether there should be any qualification or modification of the rigour with which these offences are treated, I am not at the moment in a position to say. But in my opinion, as to sabotage, involving wilful damage to property and endangering life, there should be no saving clauses. The offences here dealt with are of such a character that for those who are brought within the scope of the section by virtue of having committed them, no alleviation should be permitted except in respect of the penalty they may endure for the commission of such offences.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Hon. Mr. Hayden, the bill was referred to the Standing Committee of Banking and Commerce.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 12, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

DIVORCE STATISTICS

REPORT OF COMMITTEE

Hon. Arthur W. Roebuck: Honourable senators, I have the very great pleasure this afternoon of presenting the final report of the Committee on Divorce.

The Standing Committee on Divorce beg leave to make their four hundredth report, as follows:

For the present session 462 petitions for bills of divorce were presented to the Senate and dealt with by the Standing Committee on Divorce, as follows:

Petitions heard and recommended	382
Petitions heard and rejected	3
Petitions withdrawn	14
Petitions not proceeded with	63
Total	462

That means, honourable senators, that the committee actually heard 385 petitions, of which three were rejected. As to the 63 petitions which were not proceeded with, in keeping with the usual practice they will go over to the next session. The total of 462 petitions dealt with is the largest docket in the history of the Senate.

Of the petitions recommended during the present Session of Parliament, eight were from petitioners domiciled in the province of Newfoundland and 374 were from petitioners domiciled in the province of Quebec.

Of the eight petitioners domiciled in the province of Newfoundland. three were husbands and five were wives.

Of the 374 petitioners domiciled in the province of Quebec, 116 were husbands and 258 were wives.

The committee held 43 meetings.

May I pause here to say how much I appreciate the excellent attendance of the members of the Divorce Committee during this session. It is rather worthy of note that while we sometimes had four subcommittees or divisions of the general committee sitting simultaneously, we never on any one occasion during all these meetings were short of a quorum. There always were an ample number of senators present to carry on the work that came to us. I wish to pay tribute to the members of the committee for the sense of responsibility with which they attended to their duties—arduous duties and some not very pleasant ones, but nevertheless duties recognized as such by the members and conscientiously fulfilled.

On six days the committee functioned in four sections. On 15 days the committee functioned in three sections. On 17 days the committee functioned in two sections. On five days the committee functioned in one section.

We have changed the organization of the committee so that it no longer sits in sections, but as subcommittees. The general committee meets first in the morning. It does general work, such as hearing applications for remissions of fees and things of that nature—interlocutory work—and then it resolves itself into a number of subcommittees. These subcommittees do not make recommendations which come to the Senate; they report the facts which they have found, usually stating that the paragraphs of the petition numbered 1, 2, 3, 4, 5, 6 and so on have been proved, and, particularly, that the section containing the accusation of adultery has been either proven or not proven. That report is taken up by the general committee; there is the possibility of debate, if anyone wishes to say anything about it; and the general committee takes the responsibility, on the report of the subcommittee, of recommending to this house the passing of a bill of divorce.

In 21 cases the committee recommended that part of the parliamentary fees be remitted.

Usually on compassionate grounds.

The fees paid to parliament for bills of divorce heard and recommended during the session of 1953-54 amounted to $80,220.

A rather considerable sum of money.

Assuming that all bills of divorce recommended by the committee, now in various stages before parliament, receive Royal Assent, the comparison of dissolutions of marriage granted by parliament in the last ten sessions is as follows:

1946	290
1947	348
1947-48	292
1949, 1st session	184
1949, 2nd session	166
1950	240
1951	294
1952	312
1952-53	282
1953-54	382

Honourable senators will observe that the number of divorces granted this year is exactly 100 more than were granted last year. I have the statistics covering the number of divorces granted in Canada during the years 1948 to 1953, both inclusive. I shall not burden the house by reading this long statement of facts, but with the consent of the Senate I would ask that they be included in *Hansard* at this point.

Some Hon. Senators: Agreed.

Hon. Mr. Roebuck:

The statement is as follows:

	1948	1949	1950	1951	1952	1953
Canada	6,881	5,934	5,373	5,163	5,634	6,055
Prince Edward Island	49	20	13	10	9	15
Newfoundland			5	4	3	9
Nova Scotia .	78	181	199	187	188	185
New Brunswick	211	202	194	156	200	181
Quebec	292	350	234	290	309	273
Ontario	3,107	2,396	2,228	2,102	2,202	2,719
Manitoba	477	411	309	361	338	374
Saskatchewan	333	289	280	226	223	218
Alberta	651	594	534	589	630	603
British Columbia ..	1,683	1,491	1,377	1,339	1,532	1,478

Honourable senators will notice that the number of divorces granted throughout Canada during the years 1948 to 1953 follows a regular pattern, varying but little. The high mark was reached in 1948, in which year there were 6,881 divorces.

The following statement shows a comparison between the number of divorces granted to husbands and wives respectively in the years mentioned:

	Husbands	Wives
1948	2,643	4,238
1949	2,259	3,675
1950	2,100	3,275
1951	2,010	3,153
1952	2,218	3,416
1953	2,395	3,660

Honourable senators, these statistics illustrate a most unsatisfactory and regretful condition which has existed in the domestic relationships of those involved.

May I conclude with a statement which I feel is thoroughly justified and due. I should like to pay tribute to the members of the Committees Branch, for their co-operation, particularly to Mr. Armstrong, the Chief Clerk. Mr. MacDonald, one of his assistants, is also entitled to special mention. I feel grateful to all the members of that branch of our service for the very good work they have done. I would particularly commend Mr. Armstrong for the industrious, conscientious and meticulous way in which he handled the vast amount of detail that came before the Divorce Committee. Further, he was very co-operative in helping to facilitate the carrying on of the committee's increased volume of work. He found additional premises in which the committee and its subcommittees could hold their sittings, and he co-operated fully in the introduction of administrative changes that seemed to improve the handling of cases. His is a very responsible task, because of all the interlocutory work connected with the preparation of each case. The rules have to be complied with and various other things must be gone through and proven before a case is heard, and all these matters are in his hands. I am glad of this opportunity to pay tribute to Mr. Armstrong and all the members of his staff.

Hon. Senators: Hear, hear.

Hon. W. Ross Macdonald: Honourable senators, I am sure we are all grateful to the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) for presenting such a complete report on the Divorce Committee and its work this session. Of course, we are not pleased that there have been so many applications. None of us likes to hear of divorces, and we all regret that it is necessary for people to appear before courts or a committee of this house in order to have their marriages dissolved. We would far rather know that husbands and wives were living happily together. Nevertheless, under our constitution citizens of Canada have the right to come to parliament and ask for a divorce, and it is the duty of this house to consider their petitions. No one is keen to serve on the Divorce Committee; in fact all its members would prefer not to be appointed to it, but they feel that there is a duty to be done and that they should accept it.

The chairman of the committee (Hon. Mr. Roebuck) has referred to the large number of petitions dealt with this session. In past years also the committee handled very many cases, and I am sure this house is not forgetful of the leadership that was given to the committee over a long period by the honourable senator from Rosetown (Hon. Mr. Aseltine).

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: However, at the present time I am rising to express, on behalf of the members of this house, our gratitude to the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) for his leadership this session and for the way in which he has organized the committee. The divorce cases have been dealt with carefully and conscientiously, yet expeditiously. In expressing our appreciation to him, we also thank all other honourable members who served so faithfully on the Divorce Committee.

Hon. Senators: Hear, hear.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill D-15, an Act for the relief of Francis Walsh.

Bill E-15, an Act for the relief of Hilda Anne Darke Marshall.

Bill F-15, an Act for the relief of Claude Raphael Sacchitelle.

Bill G-15, an Act for the relief of Isabel Mary Peebles Brown Macartney-Filgate.

Bill H-15, an Act for the relief of Wilfrid Lavoie.

Bill I-15, an Act for the relief of Joseph Edgar Emilien Landry.

Bill J-15, an Act for the relief of Joseph Victor Gerard Fontaine.

Bill K-15, an Act for the relief of Jeanne Robert Hotte.

Bill L-15, an Act for the relief of Heneault Champagne.

Bill M-15, an Act for the relief of Leopold Ruel.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

FREGEAU DIVORCE PETITION

REFUND OF FEES

Hon. Mr. Roebuck: Honourable senators, wtih leave of the Senate I move:

That the parliamentary fees paid upon the petition of Romuald Fregeau for a bill of divorce be refunded to the petitioner less printing and translation costs. Also, that the exhibits filed at the hearing and inquiry be returned to the petitioner.

Attached to the motion is a note, "The bill in this matter failed to pass the House of Commons." I think the house is entitled to an explanation. The female respondent did not appear at the Senate hearing; but I understand that she did appear at the House of Commons committee and there alleged that she had not been served with the papers. However, the papers were complete and regular so far as the Senate was concerned. The Commons committee called the person who had sworn in an affidavit on our file that he had served the papers on the respondent, and he reaffirmed that sworn statement. However, there being some doubt, be it ever so small, that the respondent had been served the Commons committee properly declined to pass the bill. The applicant is now in the position of having to file a new petition at the next session, when he can take steps to prove beyond peradventure that the respondent has been served. In the meantime, we feel it is only just that we should refund to the applicant the fees he has paid, less the expense the Senate has incurred by way of printing and translation costs. It is for that reason I make this motion for a refund of fees.

The motion was agreed to.

INTERNATIONAL RAPIDS POWER DEVELOPMENT BILL

SECOND READING

Hon. Norman P. Lambert moved the second reading of Bill B-15, an Act to amend the International Rapids Power Development Act.

He said: Honourable senators, this bill proposes a brief technical amendment to the International Rapids Power Development Act. That act approved the agreement of December, 1951, between the Government of Canada and the Government of Ontario, under which the Hydro-Electric Power Commission of Ontario was authorized to construct the Canadian share of the power works in the International Rapids Section of the St. Lawrence River at such time as the joint undertaking with the state of New York was commenced.

The International Rapids Power Development Act, which provided for this co-operation, was enacted by the Parliament of Canada in 1951, but it was not proclaimed until May 20, 1953. Paragraph (b) of section 4 of that act provides:

4 (b) The provisions of the Power Commission Act of the Province of Ontario with respect to the expropriation or taking of lands or property apply *mutatis mutandis* to the expropriation or taking of lands or properties for the works—

in that section of the river.

After this act was passed by the federal parliament the legislature of Ontario passed The St. Lawrence Development Act, 1952 (No. 2), which makes specific provisions regarding expropriation of lands or properties for the power project in the International Rapids Section of the St. Lawrence River.

Hon. Mr. Reid: What does No. 2 mean?

Hon. Mr. Lambert: The rights of those whose lands have been expropriated, and the procedure in connection with it, are set forth at considerable length and in detail in this provincial act. It provides for any number of contingencies which might arise in negotiations between the owners of lands proposed to be expropriated and the Power Commission. It also provides for an appeal in the case of a dispute about the values or compensation offered for the lands. In regard to expropriation details, this act replaces the provisions of the Power Commission Act, which was the base of our co-operation when this federal act was passed in 1951.

In order to avoid any dispute or doubt about the Commission's power to expropriate lands or properties for the purpose of power development in the International Rapids Section of the St. Lawrence, it is proposed to amend section 4 of the International Rapids Power Development Act by deleting the reference to the Power Commission Act of

Ontario from paragraph (b) of section 4 and replacing it with a simple reference to the St. Lawrence Development Act, 1952 (No. 2) of Ontario. In other words, this bill merely provides in its only section that in paragraph (b) of section 4 the words "St. Lawrence Development Act, 1952 (No. 2)" shall be substituted for the words "Power Commission Act" as at present appearing in that paragraph.

Hon. Mr. Vien: Could the honourable senator tell us what is the difference between the procedure in expropriation under the two acts and in what particular it was necessary to make a change?

Hon. Mr. Lambert: The St. Lawrence Development Act, 1952 (No. 2), which is now the law, was passed by the Ontario Legislature to take care of these specific cases of expropriation. In that act there are some twenty-six sections, most of which set forth in some detail the procedure and the steps that may be taken by the owners of property in dealing with the Power Commission. I will not attempt to read or refer to all the sections. Section 15 says:

(1) Where the commission and the owner cannot agree upon the amount of compensation, either party may give notice in writing to the other and to the board requiring that the amount of compensation be determined by the board, and thereupon the board shall be seized of the matter, which shall be proceeded with in accordance with the practice and procedure of the board.

(2) Either party may appeal with leave of a justice of appeal to the Court of Appeal from any order made by the board under subsection (1), and the practice and procedure governing appeals from a county court apply *mutatis mutandis*.

(3) The decision of the Court of Appeal is final.

The effect of this Ontario legislation is to protect the rights of private owners whose properties may be expropriated. In the previous act there was no such detail provided. The St. Lawrence River, being an international waterway, federal legislation was required in order to give the Hydro-Electric Power Commission of Ontario authority to go ahead in conjunction with the State of New York in the preparation for power projects, and it was given authority to, amongst other things, expropriate lands. However, the details of expropriation and the specific procedure and the provision of protection to the private owners of the lands to be expropriated were not adequately set forth in the Power Commission Act, and this new act, the St. Lawrence Development Act, 1952 (No. 2), which is referred to in the bill before us, will provide for possible difficulties that might arise. What the federal authorities are seeking to do here is to carry out their intent of full co-operation with the Province of Ontario in bringing about what we all hope will be the final and happy outcome of the development, in conjunction with the State of New York, of the International Rapids Section of the St. Lawrence River.

Hon. Mr. Roebuck: May I ask the honourable senator a question? Where do we find the document from which the honourable senator has been reading? The Power Commission Act is in the Statutes of Ontario, but I do not suppose we can find the second act there yet, for I take it to be recent. I would like to be able to compare these two statutes and see just what has been done or is proposed to be done. I have a recollection of the expropriation section of the Power Commission Act, and I remember that in the old days a good deal of objection was taken by those to whom it applied; some people thought that it was not easy to comply with, or quite just. I hope that an improvement has been made in that regard, and I would like to be able to check these two documents.

Hon. Mr. Lambert: I can only say to the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) that the bill entitled the St. Lawrence Development Act, 1952 (No. 2)—which I understand was presented in the Ontario Legislature by the Honourable Dana Porter—was given to me in connection with this proposed legislation, and I was assured that the copy placed in my hands contains the text of the new legislation which has been passed. Section 24 of the St. Lawrence Development Act, 1952 (No. 2) repeals the St. Lawrence Development Act, 1952. The provisions that have been made to meet the contingencies to which my honourable friend referred, and which had aroused some criticism, are, I take it, completely contained in the St. Lawrence Development Act, 1952 (No. 2).

Hon. Mr. Roebuck: They may be in the Statutes of Ontario, 1952.

Hon. Mr. Lambert: That is so. This new bill is included in the legislation of the past session of the Ontario Legislature.

As I understand it, the new bill is an amendment of the original bill of 1952, which deals specifically with procedure for expropriation.

Hon. Mr. Roebuck: There should be copies of that new bill available to us when we are dealing with this most important matter. I suppose that there will also be expropriations by the dominion under federal legislation.

Hon. Mr. Lambert: No.

Hon. Mr. Roebuck: But there will be in connection with the St. Lawrence development.

Hon. Mr. Lambert: The basis of the International Rapids Power Development Act, which was enacted in 1951 and proclaimed on May 20, 1953, is the agreement between the province and the dominion whereby the province is given full right and authority to expropriate or do anything else in connection with the development of the project.

Hon. Mr. Roebuck: Only as regards power, not as to transportation or navigation.

Hon. Mr. Lambert: Oh, no, transportation is another phase altogether. This relates only to the power projects proposed between the State of New York and the Province of Ontario.

Hon. Mr. Vien: Is this bill to be referred to committee?

Hon. Mr. Lambert: Certainly, if the house desires it. I think it would be a good thing to have an official of the Department of Transport before the committee to elaborate, to the extent that members of the committee require, details of the agreement between the federal authority and the province.

Hon. Mr. Vien: I should think it would be advisable. There will be certain works undertaken by the federal government for navigation purposes; others, by the Government of Ontario and the State of New York for power purposes. In committee we should have an opportunity of ascertaining what has been done to co-ordinate these two aspects of this great national undertaking.

Hon. Mr. Roebuck: Copies of the provincial act should be supplied to us.

Hon. Mr. Vien: We should be told how this project is to be carried out. Navigation being a subject within the jurisdiction of the federal government, with due respect to the Ontario Hydro-Electric Power Commission and to the New York Power Authority, it would be interesting to study in fuller detail what arrangements have been made to safeguard the interests of all concerned.

Hon. John T. Haig: Honourable members, I do not intend to discuss the legal question whether the Ontario government has passed a law by which it may take the lands and houses belonging to people who live along the river. I would not think the legislature would pass such a law; but I am quite prepared, with my honourable friend, to examine the statutes and see what it has done, and pass judgment. But that is not what I want to talk about this afternoon.

It is very seldom that we as senators have the opportunity to take part in an epoch-marking event in the history of our country. The men who sat in this house between 1880 and 1885 had to deal with the building of the Canadian Pacific Railway. Those who sat here in 1904 were concerned with the building of the transcontinental railroad—by whatever name it is called in one or the other part of the country. Other men sat in this house in 1914, when war was declared between Canada and Germany; and many of us older members—older in years as well as in membership—were present here on September 9, 1939, when Canada declared war against Germany the second time. All these were epoch-marking events; and I rank with them what we have done and are doing with regard to the St. Lawrence seaway. As far as electric power development is concerned this is the final bill, and the ultimate result will be the spending by the Province of Ontario and the State of New York, for electrical development of the great St. Lawrence river, some $600 million. I noticed that our American friends have just passed a bill authorizing their participation, and the amount of the vote, $105 million, represents their estimate of half the cost of the seaway alone.

Ever since the subject was first mentioned I have strongly favoured the development of electric power on the St. Lawrence River. I have been no less earnest in supporting the development of the St. Lawrence seaway. I admit that subsidiary questions are involved, especially in respect to the waterways —questions of tolls, matters with regard to management. All these will be dealt with during our discussions with the United States authorities, when they are ready for the joint agreement on the construction of the work. I am delighted with the progress that has been made.

As far as I know there is no opposition to this legislation. Certainly there is none in my province, and I believe very little exists in any of the group of four western provinces with which I have the honour to be associated. I doubt, too, whether any marked opposition can be found in any part of the country. I am reminded quite forcibly that the provinces down by the sea will not reap from this development the great advantages which will accrue to Ontario, Quebec, and the West. In that connection all I can say is that I hope to live long enough and to be a member of this chamber long enough to repay in some measure the good will shown by our colleagues from the Maritimes, and I trust that they will in due course enjoy developments in their part of Canada equivalent to those which, through this program, will benefit other sections of the country.

In speaking of the development of electric power on the St. Lawrence River, the subject-matter of this bill, I am old enough to remember when it was the custom to use

lamps in the houses and lanterns outside. The first time I ever saw electric light was in 1897, at Winnipeg. I thought it was wonderful. I used to stay in a rooming-house, and I can recall my landlady saying to me: "Mr. Haig, you were the last one in last night and you did not turn out the light in the hall. I woke up at 2 o'clock and the light was still on. I want you to remember that it costs me a lot of money to keep that light burning, so after this see to it you turn it off when you are the last one in." I have seen the day when it has meant little saving to turn off a light in Winnipeg.

The development of hydro-electric power for domestic use in Canada has been tremendous, and it has proven a blessing to Canadian housewives. A few years ago a lady from a rural part of Manitoba stayed at our house while attending a church convention in Winnipeg. My wife showed her our electric stove, frigidaire and washing machine, thinking that the lady was unfamiliar with these appliances; but we were very surprised when she told us that she had the same electrical equipment in her own home.

Hydro-electric development has been widespread in the rural sections of Manitoba, Saskatchewan, Alberta and British Columbia in the last few years, and of course the rural parts of Eastern Canada have enjoyed hydro-electric benefits for some years now.

Honourable senators, the legislation before us guarantees a tremendous amount of new electrical energy for the province of Ontario, and in my judgment there is no limitation to the use to which this power can be put. The honourable senator from Fredericton (Hon. Mrs. Fergusson), in her maiden speech in the Senate, referred to the great lack of hydro-electric power in New Brunswick. Fortunately Manitoba is better off. However, hydro-electric power development on the Winnipeg River has just about reached its limit, with the last power site on the river now under development. Unless there is further development in the meantime, Manitoba could well be short of electric power by 1960. But there is a potential hydro-electric development of 8 million horsepower on the Nelson River, about 400 miles from Winnipeg. One of the largest developments in Canada, it has a guaranteed water supply. Waters from the prairie rivers and even from part of Ontario empty into Lake Winnipeg, which in turn feeds the Nelson River. Manitoba is assured of hydro-electric power from this source, and I have no doubt that my children will see the full development of the power site on the Nelson River. I remember an engineer saying some twenty years ago that if it had not been for a certain Swedish inventor discovering how to transport electric energy 200 miles without the loss of any more power than is lost in transporting energy twenty miles, there would be no electric power in Winnipeg. He said he hoped to see the day when electric power could be carried 400 miles without any further loss of energy.

I am sure everyone in Western Canada is delighted to see such vast development taking place on the St. Lawrence River. I do not believe the construction of the St. Lawrence deep waterways would be possible without the simultaneous development of electric power. It has been estimated by some American authorities that the development of hydro-electric power on the St. Lawrence River will cost in the neighbourhood of $600 million, as against approximately $200 million for the construction of the seaway itself.

I never understood why the American people kicked this project around for fifty years, apparently unable to foresee the enormous value it would have for their country. The St. Lawrence seaway will enable ocean-going vessels to dock at Fort William in Canada and Duluth in the United States, and, provided the tolls are reasonable, it will assist greatly in the handling of our grain. The seaway tolls should not be made so high that the owners of ocean-going vessels will find it too costly for their ships to make the 1,500 mile journey to ports on the Great Lakes.

I am glad to be a member of the Senate on the eve of this momentous undertaking by Canada and the United States, and I only hope that this huge project will get under way within the next two years. Should our foreign markets diminish and unemployment mount in this country, construction of the seaway could take up some of the resulting slack. I am not one who believes that when a country has unemployment it should develop some unnecessary project to provide employment, but the St. Lawrence seaway is vitally needed. I do not think Canada will find it difficult to meet her share of the cost. For one thing, in my opinion there are no bonds as valuable as hydro-electric bonds, for they have the double guarantee of the province or the dominion, whichever it may be, and of the industry itself. No matter what Canada's production has been, hydro-electric development has never been able to keep pace. I can remember when Sir William Mackenzie, president of the Canadian Northern Railway, sent his engineer to find a power site on the Winnipeg River. When the engineer reported back that he had located a site which could develop 25,000 horsepower, Sir William said to him: "Young man, are you not a graduate in electrical

engineering from McGill University? Go back and find a smaller power site. I will not spend the money needed for that kind of a development". The young engineer, after making another search, reported that this was the only available site. Well, I have lived to see that particular hydro-electric development generate 250,000 horsepower. The development of hydro-electric power can never be curtailed, and for all these reasons I strongly support this bill.

Hon. W. Ross Macdonald: Honourable senators, I favour the suggestion that the bill be referred to committee. I think it would be a wise move.

There appears, however, to be a misunderstanding as to the purpose of this legislation. I thought that the honourable senator from Ottawa (Hon. Mr. Lambert) explained quite clearly that the bill relates to the development of electric power. It has nothing to do with the building of the canal for navigation purposes; that is an entirely different matter and is not under consideration at the present time. When the government of Canada and the government of the United States finally enter into an agreement for the building of the canal, I presume that legislation in some form will be introduced in parliament for ratification. In any event, such legislation is not before us at the present time, nor is that question before us now. The only question before us is in connection with the giving of certain rights of expropriation of property under the St. Lawrence Development Act 1952 (No. 2) of the Province of Ontario, at present provided for under the provisions of the Power Commission Act of Ontario. These powers were given previously under an act which was passed by the parliament of Canada, known as an Act respecting construction of works for the generation of electrical power in the International Rapids Section of the St. Lawrence River. The act was cited as the International Rapids Power Development Act, Chap. 157, R.S.C. 1952. To make that change is the sole purpose of the bill before us.

The Leader of the Opposition (Hon. Mr. Haig) has referred to the great benefits that will come to the province of Ontario from the development of the St. Lawrence seaway. I am not going to discuss the question of navigation. The bill before us, as I have said, deals with the development of electrical energy. If the province of Ontario benefits from the development, Canada as a whole will also benefit, for a development in any part of Canada is an advantage to all of Canada. Mining developments are taking place at the present time in eastern Canada —I am thinking of New Brunswick, of Labrador, and also northern Quebec—and oil developments are taking place in northern Manitoba, in Saskatchewan and Alberta; and in the great province of British Columbia water power and mining are fast developing. As I say, a development in any province is of advantage to all of Canada, so if electrical energy is developed along the St. Lawrence, I am satisfied that Canada as a whole will benefit from it.

Honourable senators, I agree with the Leader of the Opposition that this bill should pass, but I felt that I should point out, as the honourable senator from Ottawa (Hon. Mr. Lambert) did, that this bill deals not with navigation along the St. Lawrence, but merely with the development of power.

Hon. John J. Kinley: Honourable senators, in view of the statement made by the Leader of the Opposition (Hon. Mr. Haig), and enlarged upon by the Leader of the Government (Hon. Mr. Macdonald), perhaps I may be permitted to make a few observations in answer to the suggestion that we of the Maritimes are generous and allow this kind of legislation to pass without very much objection. I am not one of those who think that this bill will be particularly objectionable to the Maritime provinces. Usually, the Martimes do not get the economic benefit from legislation that other provinces do; our interests, in many aspects, differ from those of other provinces. However, I think this proposed legislation affords an opportunity to the Maritime provinces if the matter is pursued in the right way. In the past, Nova Scotia has been successful because of her activities upon the sea. Owing to prevailing prices, her present economy is not good, her basic industries such as mining and apple growing are not thriving. It occurs to me that to be successful we will have to revive and stimulate our activities on the seas. The St. Lawrence seaway development should open up new opportunities, especially to the coasting trade.

A few months ago President Eisenhower of the United States declared that the coasting trade and marine activities on the Great Lakes should be confined to the United States and Canada. If that comes about, I see an opportunity for the Maritime provinces. Concurrently with the Statute of Westminster there was passed the Commonwealth Merchant Shipping Agreement, by which the marine trade of Canada was continued with and extended to Great Britain, the Commonwealth, and, practically speaking, left the door open for other European countries as well.

Reciprocity with the United States on coastal trade would provide us with a coastal area from the Gulf of Mexico to the head

of the Great Lakes, and we would be associated with a country which has the highest standards in the world. Without such reciprocity, I do not see how commerce on the Great Lakes can be carried on after the waterways development takes place.

We are told that the men of our merchant marine are paid so much that we cannot succeed in marine activities. Well, an ordinary seaman gets $1 an hour in my province, including his maintenance. Where in Canada does skilled labour work for less than $1 an hour? Further, it must be remembered that a seaman is required to work eight hours a day and is always on call on his ship in an emergency.

We are part of a protected country with high standards of living; we pay duty on automobiles, textiles, furniture and many other items. But with shipping a natural activity for the Maritimes, we must face open competition with the low-standard countries of Europe. We are for freedom of trade, if it is beneficial; but under present world conditions, free trade is futile and we must ask for our share of the protection in our own country. The coasting trade should be for Canadians in Canadian-built ships. The United States offers high protection to its shipping trade; and Australia also, since becoming a party to the Commonwealth Merchant Shipping Agreement, has passed strict regulations. The coasting trade of Canada is the cradle of our merchant seagoing trade. Surely we must protect the cradle. I may add that the United States bonuses its marine trade, but I shall leave discussion on that point for another occasion when I intend to speak further on this important subject. However, I did not want to let this opportunity pass without commenting on what was implied by other speakers.

Hon. A. K. Hugessen: Honourable senators, the discussion on this rather simple bill has been most interesting, but it occurs to me that we are perhaps wandering a little from the subject-matter.

Hon. Mr. Kinley: I think perhaps we are.

Hon. Mr. Hugessen: I rise to attempt to bring the discussion back to the details of the bill.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Hugessen: I am glad to hear the honourable Leader of the Government (Hon. Mr. Macdonald) say that he intends to move that the bill be referred to committee, because I think it contains a rather peculiar provision which has not, to my mind, been satisfactorily explained.

What we are being asked to do by this bill is to confirm certain rights of expropriation which the province of Ontario has given to the Hydro-Electric Power Commission of Ontario in respect of the development in the International Rapids. I am wondering why it is necessary for us, the federal parliament, to confirm a power of expropriation given by the province of Ontario to one of its own creatures. There may be a perfectly good and logical explanation for it, but I should like to learn in committee why such a confirmation appears to be necessary.

I have one further observation by way of a small complaint. Under this bill we are asked to incorporate in the statute, powers of expropriation in the taking of lands, which powers are included in an act passed by the province of Ontario. That is a fairly serious step. After all, if we take away a man's property by expropriation, we are interfering with his rights. It may be perfectly proper to do so, but I think it would have been the part of wisdom when the bill was being drafted to have the explanatory notes state what powers of expropriation we are asked to approve.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Hugessen: Otherwise, unless we examine the Ontario act we cannot know what powers of expropriation we are being asked to approve. For that reason I think it is essential that this bill go to committee, where we can satisfy ourselves on this point.

Hon. Mr. Lambert: Honourable senators, I should like to have the privilege of saying a few words in conclusion.

The Hon. the Speaker: Honourable senators, if the honourable senator who moved the second reading of the bill (Hon. Mr. Lambert) speaks now, he will close the debate.

Hon. Mr. Lambert: Honourable senators, I shall not detain the house long. I appreciate the discussion that has taken place and the points that have been raised.

To refer specifically to the purpose of the bill, which I think may be described as a technical purpose, I feel that the point just raised by the senator from Inkerman (Hon. Mr. Hugessen) is one which he certainly is more competent to analyze than I. However, as he was speaking, the thought came to my mind that the legislation which is described as the International Rapids Power Development Act, 1951, and appears as Chapter 157 of the Revised Statutes of Canada, 1952, takes into account the jurisdictional distinction between the federal authority and the province of Ontario; and that the federal jurisdiction would not be considered at all in connection with this legislation if it were not for

the international character of the waterways affected. Any expropriation would have to be authorized by the federal authority, and it is authorized in this legislation approving the agreement between the province and the Dominion in the development of power projects on the International Rapids Section of the St. Lawrence River.

Hon. Mr. Bouffard: May I be allowed to ask a question? Suppose the province of Ontario decided to amend its act, would it be necessary for the province to ask the federal parliament to approve the change?

Hon. Mr. Lambert: I think that is precisely what is happening in connection with this amendment. The Ontario legislature decided to replace the Power Commission Act with the St. Lawrence Development Act, which deals specifically with the procedures involved in the expropriation of private property, something that had not been adequately dealt with in the Power Commission Act, which has been in existence, as the senator from Toronto-Trinity (Hon. Mr. Roebuck) knows, since the Hydro-Electric Power Commission was formed.

Now, the pros and cons of this whole project, both from the point of view of a power project and that of transportation facilities, commonly known as the seaway, have been discussed for the last ten, fifteen or twenty years. The objectives have been approved by parliament and have been approved by the Legislature of Ontario insofar as power development is concerned. It is worth noting here that this proposed development of power would be completely impossible without the co-operation of the State of New York, for the Province of Ontario alone could not develop the hydro-electric power envisaged in connection with this whole project.

Now, the St. Lawrence waterways canal system which the federal government has said we will build, whether we have to go it alone or not, is another aspect of this question altogether and has nothing whatsoever to do, except very indirectly, with the power project; but I think the point we must keep in mind is that the Parliament of Canada has already, in this legislation passed in 1951 and proclaimed in 1953, agreed to and approved of the power project, and, furthermore, has approved of the Province of Ontario fulfilling the role which ordinarily would be a federal one. In other words, the federal authority has delegated to the provincial authority responsibility for carrying through this power development, including expropriation of and payment of compensation for the lands needed in connection with the power development. All that we are doing in the bill before us is to grant to the Province of Ontario the power to do that as fairly and equitably as possible.

Hon. Mr. Roebuck: May I ask the honourable senator another question? I have no desire to quibble with the honourable senator who is piloting this bill through the Senate, but I am concerned and worried in view of the explanation just now given by him. Do I understand that the purpose of this bill is to give to the province of Ontario the right to expropriate property in which the dominion or federal power has certain interests or rights or some colour of right because of the international character of the project?

Hon. Mr. Lambert: I think that that power has already been given to the Province of Ontario in the previous legislation.

Hon. Mr. Roebuck: Then the answer is yes?

Hon. Mr. Lambert: May I quote the exact words of an officer of the Department of Transport in connection with this legislation:

> In order to avoid any dispute or doubt about the commission's power to expropriate lands or properties—

That is the Hydro Power Commission.

> —for the purpose of power development in the international rapids section, it is proposed to amend the International Rapids Power Development Act by deleting the reference to the Power Commission of Ontario from paragraph (b) of section 4 and by replacing it with a reference to St. Lawrence Development Act, 1952 (No. 2).

I am assured that the new provincial act, the St. Lawrence Development Act, 1952 (No. 2), contains provisions to protect the owners of expropriated property in a way that was not embodied in the Power Commission Act, and the federal authority is simply accommodating itself to that purpose as outlined in the agreement between the governments of Canada and Ontario.

Hon. Mr. Roebuck: Then I understand the answer as given by my honourable friend is yes, that what we are doing by this bill or have already done or are continuing to do is stepping aside and waiving all the interests or rights or powers the federal government may have and transferring them to the Province of Ontario.

Hon. Mr. Lambert: It is not being done by this bill.

Hon. Mr. Roebuck: Well, it has been done and we are confirming it in this bill. And we are saying that for expropriation purposes the provisions of the new Ontario statute, the St. Lawrence Development Act, 1952 (No. 2), shall apply instead of the provisions of the Power Commission Act of Ontario.

Now, if we are stepping aside and allowing the Province of Ontario to exercise our rights

or to disregard our rights in some of the properties to be expropriated, is there any limitation on how far the province may exercise that right? Let me make my question clear. I could bring it to an absurd position of the Province of Ontario expropriating certain of the property which we might require for navigation purposes. Not being an engineer, I do not know if that is likely or possible or impossible. We have put ourselves in a position where it is no longer necessary that our consent be obtained. We have given the province our powers. Now, is there any limitation on how far the province may go in the exercise of our rights in the expropriation of lands required for the development of the power resources in the International Rapids Section of the St. Lawrence River, lands that may or may not be required by the federal authority? How far have we gone?

Hon. Mr. Lambert: My answer to the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) would be this, that the end envisaged in this legislation namely, the establishment of certain power development works on the International Rapids Section of the St. Lawrence River in conjunction with the State of New York, will govern completely the acts of expropriation that may be taken by the Province of Ontario. I think that in so far as expropriation lends itself to that end the Province of Ontario has been delegated complete authority by the federal authority to proceed with such measures.

The question of whether or not expropriation might interfere with or have some effect upon the later development of a seaway is an engineering question that I am not competent to answer, but I have discussed the problem at other times with engineers, who told me that it is impossible to build a dam with an embankment on one side of the river and none at all on the other side. So, if a dam is to be built in the International Rapids Section of the St. Lawrence River, for the purpose of storing water to be used for the development of power, it must encroach on the American side of the river, but whether that would interfere with the seaway project to be built later on in the form of a series of canals, I do not know. I do not think it would. I think, if anything, that the seaway objectives will be provided for in the engineering plans to be approved and that the canal system will be developed later consistent entirely with the work that is done on the power project. But that is pure surmise on my part, though not without some foundation. On taking the whole purpose of this bill into consideration, I do not think that any limitation can be put on the powers that have been delegated to the Province of Ontario by the dominion in connection with the steps that have to be taken to bring about the establishment of the power project.

Hon. Mr. Roebuck: One more question: would it be possible for the sponsor of the bill to supply, at least to those who are especially interested, copies of the Ontario legislation?

Hon. Mr. Bouffard: I suppose the bill will be referred to committee. We ought to have the material there.

Hon. Mr. Roebuck: We ought to have it before the committee meets.

Hon. Mr. Lambert: I will endeavour to have copies available. I would suggest also that the statute known as an Act respecting Construction of Works for the Generation of Electric Power in the International Rapids Section of the St. Lawrence River, which contains the agreement between the dominion and the Province of Ontario, should be perused by those who are interested in this question.

Hon. Mr. Roebuck: It is in our unrevised statutes.

The bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Lambert: Honourable senators, I move that this bill be referred to the Standing Committee on Transport and Communications.

Hon. Mr. Haig: The bill has nothing to do with transportation; it has to do with electric power. Surely that is a matter for the Banking and Commerce Committee.

Hon. Mr. Lambert: But it is a Transport Department bill.

Hon. Mr. Haig: It is not a transport bill at all. As the honourable Leader of the Government (Hon. Mr. Macdonald) has said, it has nothing to do with transportation.

Hon. Mr. Macdonald: That is correct.

Hon. Mr. Haig: It presents a legal question, and the Banking and Commerce Committee, which used to be known as the Law Amendments Committee, and is so termed in most legislatures, is our legal committee.

Hon. Mr. Lambert: My honourable friend will recognize, of course, that the Department of Transport has charge of the whole water powers branch, and for that reason it has been responsible for all the negotiations which have taken place in connection with

the development of the St. Lawrence waterways. That is the only reason I moved reference of the bill to the Committee on Transport and Communications, but if the Senate decides that it should be referred to the Banking and Commerce Committee, that will be all right with me.

Hon. Mr. Macdonald: The chairman of the Committee on Transportation and Communications is the honourable senator from Inkerman (Hon. Mr. Hugessen), who is an eminent lawyer. I do not think a more suitable committee could be chosen.

Hon. Mr. Haig: The point I have in mind is that the bill should be referred to the committee which can best deal with it. As I have said, the Banking and Commerce Committee deals with all legal questions. If this bill is strictly a transport bill it should be considered by the Transport and Communications Committee; but the connection of the Minister of Transport with the bill arises from the fact that the St. Lawrence waterways is under his jurisdiction and he is concerned only with the transport sections of the bill. The honourable senators from Toronto-Trinity (Hon. Mr. Roebuck) and from De Lorimier (Hon. Mr. Vien) have raised purely legal questions. As I am on both the Transport and Communications and the Banking and Commerce Committees, I personally am indifferent, but I still hold that this bill should be referred to the Banking and Commerce Committee.

Hon. Mr. Macdonald: I am not familiar with the work of the Senate committees, but, glancing over the names of the members of the Transport and Communications Committee, it appears to me that the membership includes as many lawyers as are on the Banking and Commerce Committee. There are other matters which probably will be referred to the Banking and Commerce Committee, and I believe it would facilitate the work of the house if the Transport and Communications Committee considered this bill. As the honourable Leader of the Opposition (Hon. Mr. Haig) has said, no doubt that committee in time will receive the bill with respect to the development of the St. Lawrence River for transportation purposes. There is some relation between these two projects. Further, in connection with the bill now before the house, I would think that the committee might like to hear from the Minister of Transport.

Hon. Mr. Haig: Well, he can come.

Hon. Mr. Macdonald: It occurs to me, as no doubt it must have occurred to the honourable senator from Ottawa (Hon. Mr. Lambert) when he made the proposal, that there is some relationship between the development of the St. Lawrence for transport purposes and this hydro-electric development. In any event, whether or not he had that point in mind, it is one reason why I support the idea of sending this bill to the Transport and Communications Committee.

Hon. Mr. Roebuck: I am rather inclined to support the suggestion that it be sent to the Transport and Communications Committee, for the reason that the chairman of that committee, the honourable senator from Inkerman (Hon. Mr. Hugessen) is in attendance here, and is familiar with the problems which have been raised in this debate, while the chairman of the Banking and Commerce Committee is not with us. The honourable senator from Winnipeg (Hon. Mr. Haig) and I are on both these committees.

Hon. Mr. Haig: Personally, I am not a bit concerned.

Hon. Mr. Roebuck: And the last point made by the Leader of the Government (Hon. Mr. Macdonald) is an important one,—that the minister most familiar with the subject is the Minister of Transport, Hon. Mr. Chevrier, who may be present with us.

The motion of Hon. Mr. Lambert was agreed to and the bill was referred to the Standing Committee on Transport and Communications.

DIVORCE PETITIONS

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 390 to 399, dealing with petitions for divorce.

Hon. Mr. Roebuck moved that the reports be concurred in.

The motion was agreed to, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 13, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, I move that when this house rises this afternoon it stand adjourned until Tuesday afternoon next at three o'clock.

The motion was agreed to.

CANADA-JAPAN AGREEMENT ON COMMERCE

On the notice of motion by Hon. Mr. Macdonald:

Resolved, that it is expedient that the Houses of Parliament approve the ratification by Canada of the Agreement on Commerce between Canada and Japan, signed at Ottawa on March 31, 1954, and that this House do approve the same.

Hon. Mr. Macdonald: Honourable senators, may I be permitted to make a reference to this notice of motion? It is not intended to proceed with the motion this afternoon. I have asked the honourable senator from Rougemont (Hon. Mr. Beauregard) if he will present this motion to the house, and he has kindly consented to do so on Tuesday next.

Hon. Mr. Reid: May I ask the honourable Leader of the Government (Hon. Mr. Macdonald) if later in the session the text of the agreement will be placed before us for examination?

Hon. Mr. Macdonald: The agreement appears as an appendix to the Senate *Hansard* of April 1.

CANADIAN CITIZENSHIP BILL

THIRD READING

On the order for the third reading of Bill C-15, an Act to amend the Canadian Citizenship Act:

Hon. W. Ross Macdonald: Honourable senators, when this bill was before the house for second reading the honourable senator from Waterloo (Hon. Mr. Euler) asked me how long an immigrant who had married a Canadian citizen was required to remain in Canada before becoming a citizen of this country. At that time I stated that I did not believe any definite length of time was set out. I said, however, I would make inquiry, and if I were wrong I would let the house know. I find that my statement was incorrect, and that under those circumstances an immigrant must remain in the country for a period of one year before becoming a citizen.

I also said that under special circumstances an applicant for citizenship did not have to comply with the requirement of filing in advance a declaration of intention to become a citizen, if this requirement was waived by the minister. Here are the words I used:

. . . at the present time a declaration of intention . . . must remain on the office files until a year has expired; so that an applicant, unless under very urgent and special circumstances, cannot become a Canadian citizen before that time has elapsed.

I find that no urgent or special circumstances are taken into consideration, and that at the present time an applicant must file a declaration of intention.

Honourable senators, I move the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

LIBRARY OF PARLIAMENT

REPORT OF JOINT COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the first report of the Joint Committee on the Library of Parliament.

Hon. Norman P. Lambert moved concurrence in the report.

He said: Honourable senators, in moving concurrence in this report I think some explanation as to the recommendations it contains would be of interest.

The Library of Parliament is at present in a stage of transition, not only because the premises, now being renovated, were destroyed by fire but that the National Library is in process of creation. A division of the fields served by the two branches will take definite form in the near future. Canada has never had either a national library or a modern parliamentary library. The stage of transition makes it necessary, I think, for us to appreciate what is contemplated.

The first recommendation in the report of the Joint Committee on the Library of Parliament is that consideration be given to the appointment of up to eight additional temporary employees to the staff of the library. That recommendation was made with a view to taking full advantage of the period of renovation so as to have the books and files of the library duly reclassified and catalogued by the time the premises have been made ready for reoccupation.

Hon. Mr. Euler: When will that be?

Hon. Mr. Lambert: It is unlikely that the premises will be ready before another year and a half. As honourable senators know, the fire occurred in 1952, and very extensive structural changes are being made, both inside and out, to ensure that a fire will not occur again.

Hon. Mr. Quinn: I understand the staff consists of 37 now. Is it proposed to add eight to that number?

Hon. Mr. Lambert: The recommendation for eight additional members to the library staff, on a temporary basis, is made for the purpose of trying to have the work of reclassification and cataloguing completed by the time the premises are reopened. That work has been going on since 1947, but without very appreciable results. In the old library there was an overcrowding of books, documents and files, and a great many of these have been transported to the Supreme Court building. Space reserved there for a court library had never been wholly used, and the parliamentary library books that have been transferred there will be subjected to the reclassification and cataloguing of which I have spoken. The Parliamentary Librarian estimates that at the rate at which the cataloguing has been carried on it would take some twenty years to complete the work; whereas the addition of eight employees, at a cost of $22,000 a year, would make it possible to complete the cataloguing in readiness for the new modern system which it is hoped to establish in the library, within five years.

Hon. Mr. Davies: Will these new employees be trained in library work?

Hon. Mr. Lambert: They will be trained librarians. I may say at this point that it is most difficult to find qualified people to serve as librarians.

Hon. Mr. Roebuck: At less than $3,000 a year.

Hon. Mr. Lambert: Exactly. The fact is that at least three of the eight persons have now been engaged. But as I say, at this stage of affairs in Canada it seems most difficult to secure the services of trained librarians.

The new employees will be engaged on a temporary basis, but as time goes on those who show an aptitude for the work may well be enlisted for permanent service.

The total budget for the library this year is approximately $222,836, and the cost of these additional employees will be, as I have said, approximately $22,000 a year.

The second recommendation in the report is for a reclassification by the Civil Service Commission of the entire staff of the library. That recommendation is made because there appears to be a wide disparity between the range of salaries of library employees—particularly those who render services to parliament—and employees in other departments of the service. For example, a man who holds the degrees of Bachelor of Arts and Bachelor of Library Science, who has been on the staff for five years, regularly working the full year except for the usual three-week vacation, and who has proved himself a most efficient servant, receives an annual salary of $3,100. If the recommended reclassification is carried out by the Civil Service Commission, it is hoped that this employee's salary will be raised in the near future to $3,600. I cite that as an instance supporting the recommendation for a reclassification of the staff.

The third and fourth recommendations have to do with relations between the Library of Parliament and the prospective National Library, which is now in process of creation. A subcommittee of some five members of the Joint Committee on the Library of Parliament was recommended to advise the Parliamentary Librarian with regard to matters bearing upon the relation of the Library of Parliament to the National Library. He has been authorized, also, to spend a convenient period at this time in London to inquire into the methods of reference used in the parliamentary library at Westminster; and also if necessary to go to Washington to look into the workings of the modern Congressional Library, which I understand is regarded by all parliamentary librarians as ideal in the way of organization.

The future co-operative relationship between the Library of Parliament and the new National Library suggests an important division in the field of their services. For one thing, it will probably mean that the Library of Parliament, instead of having 500,000 or 600,000 thousand volumes as now, will have about 200,000 to 250,000 volumes, devoted particularly to parliamentary records, to historical references and other sources of information which will be of service directly to members of parliament. The National Library, of course, will perform its great function of stocking up *Canadiana* for use anywhere in Canada and always ready for use in the Library of Parliament, if desired. The Parliamentary Librarian will, I think, be guided very largely in his plans for the future and in his relations with the National Library by the advice he receives from the subcommittee I mentioned.

The Joint Committee on the Library of Parliament and the heads of the library are looking forward to fulfilling an even much more useful function in the future than they

have in the past. I am sure that anyone who has had anything to do with the library must have appreciated many times over the very co-operative service given by the staff, sometimes under difficulties as to limitations of space and numbers for which those in charge of the library have not always been responsible. To improve the efficiency all around, in personnel and in service, is the objective of the heads of the library, as well as of the joint committee.

Hon. Mr. Haig: Who are the five named to the subcommitee?

Hon. Mr. Lambert: I know that the Secretary of State is one of them. To represent the Senate my name has been suggested as a member of that subcommittee. I have not all the names, but I can secure them very readily.

Hon. Mr. Haig: In adopting the report do we not approve the composition of that committee?

Hon. Mr. Lambert: We approve the recommendation to appoint a subcommittee of five members. The joint committee recommended that the joint chairmen—the Speakers of the Senate and of the House of Commons—should name the subcommittee. I am sorry that I cannot now recall the names of three of the members.

Hon. Mr. Euler: To what point have the plans for the National Library been carried?

Hon. Mr. Lambert: The plans for the National Library have been approved. Also the site of the library has been chosen; it is on the bank of the Ottawa River, near the present Justice Building. The work of the National Library Committee, of which Mr. K. Lamb, the Dominion Archivist and the Chief National Librarian, is the head, has been proceeding now for two years. It is mainly concerned with the cataloguing of all *Canadiana* that can be found.

Hon. Mr. Euler: Has construction been started?

Hon. Mr. Lambert: Not yet.

Hon. Mr. Horner: May I ask if the officials of the library will be considered as in the first and second classes, so they may use the elevators, or will they have to use the back door?

Hon. Mr. Lambert: I could not answer that.

Hon. John T. Haig: Honourable senators, I am always unwilling to vote for a report requiring approval of a committee whose names I do not know. This committee is being given very important powers, and before we vote on the report I think we should know who the members are. It is a fundamental principle of democracy that final decisions in these matters should be made by the people's representatives. I do not think this house gave the Joint Committee power to make these nominations without our approval. I have no objection to the subcommittee being named by the honourable the Speakers of both houses, but that having been done the names should appear in the report which we are asked to approve.

Hon. Mr. Lambert: I have no reason to withhold any names, except that I do not have them. The chairmen were authorized by the Joint Committtee, which consists of thirty to thirty-five members, to name a subcommittee. I am quite satisfied that a similar procedure is followed in many other cases. I believe that the members of the subcommittee have already been appointed by the respective Speakers; and if that is the case any report concerning the personnel should be submitted, not by me, but by the chairmen. All I am doing is to move concurrence in the report which was placed on the table by His Honour the Speaker as a joint chairman, and I am sure that he, in that capacity and as a member of the committee, would be glad to place on record the names of the subcommittee, if they have already been selected.

Hon. Mr. Euler: There may be a very simple solution. If, as the senator from Ottawa (Hon. Mr. Lambert) has said, the Speakers of both houses have made the nominations, perhaps His Honour the Speaker would inform us who the members are.

The Hon. the Speaker: Honourable senators, I am in a position to state that my nomination was that of the honourable senator from Ottawa (Hon. Mr. Lambert). I have no knowledge of the nomination which was made by the honourable the Speaker of the other place. In any event, it would seem to me that whatever recommendations the subcommittee make can have no effect unless they are sanctioned by the full committee, whose names are generally known. It should not be difficult to give a specific answer, if not now, at the next sitting, to the question of the honourable Leader of the Opposition (Hon. Mr. Haig).

Hon. Mr. Haig: The reason I raised the question is that I am convinced it is a bad principle for this house to "vote blind" in matters of this kind. Much the same situation arose in connection with the revision of the Criminal Code. A special subcommittee was appointed and, when it was ready to report, a question arose whether the report should be presented to the house direct by

the subcommittee, or through the main committee, and it was agreed that the report should be presented to the main committee and by that committee transmitted to this house. I believe the same principle should be followed in this case. I am not questioning the nomination of the honourable the Speaker, and I am delighted with the selection he has made, but surely, if a body is to be named to control the library we have the right to know what persons are selected. I have confidence in His Honour the Speaker —no one has more confidence in him than I —and in the honourable senator from Ottawa (Hon. Mr. Lambert), but I contend that the procedure is completely wrong, and I want to protest as strongly as I can. I want to know whom I am voting for.

Hon. Mrs. Wilson: At the joint meeting, I believe that apart from the Honourable the Speaker, the honourable senator from Ottawa (Hon. Mr. Lambert) and I were the only two representatives of the Senate who were present. So we did not take advantage of our opportunities to express our opinions.

Hon. Mr. Macdonald: May I point out that the fourth paragraph of this report reads, "That a subcommittee of five be appointed by the Speakers . . .". That is what the Senate is asked to approve. It is not asked today to approve the appointees, but merely to approve of what the committee has done to date. One of the things it did was to ask the Speakers of both houses to appoint a subcommittee of five. They may or may not have appointed that subcommittee. If we think it is proper that they shall make these appointments there can be no objection to this motion for concurrence.

Hon. Mr. Lambert: Might I also add that, apart from the point of personnel, the results of the advice which may be given to the Parliamentary Librarian by that advisory subcommittee must be reported to this house.

Hon. Mr. Haig: No.

Hon. Mr. Lambert: Oh, yes. The advice given to the Parliamentary Librarian will not be mandatory, but purely advisory. It is of a general nature concerning the kind of service that might be rendered by the Library of Parliament to members of parliament. It concerns the class of record that should be kept in the library. In addition to complete *Hansard* records there are many books of reference, constitutional and otherwise, which should be kept. However, a limit has to be placed somewhere, for in the past the Library of Parliament has simply been inundated with all kinds of literature ranging from detective stories to the classics. An attempt will be made to cull all the material that has been kept in the library so that it will become distinctly a Library of Parliament.

The appointment of a subcommittee has been recommended to deal purely with these subjects, and to advise the Parliamentary Librarian on what matters he should look into when visiting legislative libraries in London and in Washington. The findings of the Parliamentary Librarian will be subject to consideration by the Joint Committee on the Library of Parliament and also by parliament itself. There is no prejudice in this.

Hon. Paul H. Bouffard: Honourable senators, I do not rise to question the merits of this report. There is no doubt that our Library of Parliament is a most useful aid to members of parliament. Last year one of my colleagues inquired whether the library would be taking on additional staff to help expedite research work on matters with which members of parliament have to deal. In general, members of both houses have no knowledge of the provisions contained in bills until they are presented in one house or another, but very often authoritative works from British, French, United States and other sources on the subject matters dealt with in the bills may be found in the library. Nobody can expect members of parliament, with their heavy and onerous legislative duties, to make too detailed a study in the Library of Parliament of information and records that are available there.

The Joint Committee has seen fit to recommend that consideration be given to the appointment of temporary additional qualified staff to speed up the work of recataloguing the collection of the library. That is all very well, but I doubt very much whether these employees will be dismissed after their temporary employment has been completed. I think it would be wise to appoint these qualified employees on the basis that their services be retained, after the recataloguing of the library collection has been completed, to assist in expediting library research work for members of parliament. At Washington the members of Congress merely call up the Library of Congress, submitting certain questions on which they require information, and within a very few days they receive a detailed report. It would be extremely useful if a similar service could be rendered by our library.

Hon. Thomas Reid: Honourable senators, it may seem somewhat untoward for me to discuss this report now, for I happen to be a member of the Joint Committee on the Library of Parliament. Unfortunately I was unable to attend the last meeting of this committee—the only one that I missed—but

I was called to the Pacific Coast to carry out my duties as Chairman of the International Pacific Salmon Fisheries Commission

May I say that the honourable gentleman who moved concurrence in this report (Hon. Mr. Lambert) need not take criticism of the report personally, for he moved its concurrence in the Senate on behalf of all members of the committee.

I feel that a reclassification of the staff of the library by the Civil Service Commission would be wise. Experienced high-class officials in our library, many of whom hold university degrees, receive less remuneration than do many less highly qualified employees around these parliament buildings. I have always felt that such a situation should be remedied, and I am therefore pleased to see this recommendation contained in the report.

A momentous step was taken by the Government of Canada when it decided to build a National Library. The Library of Parliament is very much overcrowded by reason of having to care for a vast stock of old, rare and valuable books and papers, which should be housed in some safer place. The National Library, when built, will relieve the Library of Parliament of that responsibility, and the removal of excess material from the Library of Parliament will enable it to give much more useful service to members of parliament.

While it may be deemed wise to send our Parliamentary Librarian to London and Washington to study the services given by the legislative libraries in those centres, I think this matter is important enough to warrant sending an experienced parliamentarian to accompany him. I am not questioning the capability of our Parliamentary Librarian at all, but I believe that a parliamentarian who has had long experience in seeking for information from our library would be specially well qualified to inquire into how this research work could be speeded up. I doubt whether any single librarian would be in a position to cover all the matters involved in the organization of a legislative library. Had I been able to attend the last meeting of the Joint Committee I would have made the same suggestion there.

What is going to happen to the proposed additional staff when the renovation of the Library of Parliament has been completed, and the respective duties of the new National Library and the Library of Parliament have been laid down? I doubt whether there will be any interchange of staff between these libraries, and I have been around parliament long enough to know what "temporary employment" in the government service means. Let us face it: as far as the government is concerned temporary employment means permanent employment. In my opinion the additional employees will not be retained only during the work of recataloguing, but will most likely be on the staff for as long as they desire. I am somewhat critical of the taking on of these additional employees, and I also do not think that it is a good idea that the Parliamentary Librarian should go alone to London and Washington.

The question of room space on parliament hill has often been discussed, and I am just wondering where these extra eight library employees will find accommodation. I am pleased to know that some temporary space was found in the new Supreme Court building for part of the present library staff. I was going to suggest that perhaps they could use the beautiful bathrooms in that building, for all the use that has so far been made of them. I think that the visit of the Parliamentary Librarian to London and Washington will afford him valuable experience and should help him in planning for the reorganization of the library in the renovated premises.

I rose, however, particularly to say that I am in favour of higher remuneration for the men and women on the staff of the Library of Parliament, who give such splendid service.

The Hon. the Speaker: Honourable senators, it has been moved by the Honourable Senator Lambert, and seconded by the Honourable Senator Macdonald, that the first report of the Joint Committee on the Library of Parliament be concurred in. Is it your pleasure to adopt the motion?

Hon. Mr. Haig: On division.

The motion was agreed to, and the report was concurred in, on division.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill D-15, an Act for the relief of Francis Walsh.

Bill E-15, an Act for the relief of Hilda Anne Darke Marshall.

Bill F-15, an Act for the relief of Claude Raphael Sacchitelle.

Bill G-15, an Act for the relief of Isabel Mary Peebles Brown Macartney-Filgate.

Bill H-15, an Act for the relief of Wilfrid Lavoie.

Bill I-15, an Act for the relief of Joseph Edgar Emilien Landry.

Bill J-15, An Act for the relief of Joseph Victor Gerard Fontaine.

Bill K-15, an Act for the relief of Jeanne Robert Hotte.

Bill L-15, an Act for the relief of Heneault Champagne.

Bill M-15, an Act for the relief of Leopold Ruel.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until Tuesday, May 18, at 3 p.m.

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THE SENATE

Tuesday, May 18, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION

The Hon. the Speaker: Honourable senators, I have the honour to present to the Senate the report of the Civil Service Commission respecting the staff of the Library of Parliament. When shall this report be taken into consideration?

Hon. Mr. Lambert: Next sitting.

CANADA-JAPAN AGREEMENT ON COMMERCE

MOTION FOR APPROVAL OF RATIFICATION—DEBATE ADJOURNED

Hon. Elie Beauregard moved:

That it is expedient that the Houses of Parliament approve the ratification by Canada of the Agreement on Commerce between Canada and Japan, signed at Ottawa, March 31, 1954, and that this house do approve the same.

He said: Honourable senators, the ratification of the Agreement on Commerce between Canada and Japan, which the Senate is now being asked to approve, was signed by the contracting parties, Canada and Japan, at Ottawa on March 31, 1954, and a copy of the agreement was tabled simultaneously in both houses of parliament on April 1. Honourable members will find a copy of the agreement, including correspondence on the Agreement and the Agreed Official Minute, printed as an appendix to the Senate *Hansard* of April 1.

In broad terms, our Canadian customs tariff recognizes three classes of countries whose products are imported into Canada. First, there is the privileged class made up of the members of the commonwealth, which class is not disturbed at all by this agreement. The second class, comprising what are called "unconditional most-favoured-nation" countries, is the class in which fall most countries with whom Canada has made trade agreements. The third class is made up of countries whose exports to Canada are subject to our general tariff regulations. Japan has been in this third class, but under this agreement Canada and Japan accord each other unconditional most-favoured-nation treatment in all matters with respect to customs duties, taxes and other regulations concerning trade.

The agreement provides also that neither country will impose or maintain restrictions or prohibitions affecting its trade with other countries, unless similar measures are applied equally to all third countries. In the allocation of foreign exchange and in the administration of foreign exchange restrictions affecting trade, each country will accord unconditional most-favoured-nation treatment.

The duration of the agreement is expressed in article VII, clause 2:

The present agreement shall continue in effect for a period of one year from its entry into force and thereafter until three months from the day on which either contracting party shall have given notice to the other contracting party of an intention of terminating the agreement.

Honourable senators may ask why this agreement was entered into. I reply by quoting from a statement made by the Right Honourable the Minister of Trade and Commerce in the other place, on May 12, 1954, as reported in the Commons *Hansard*, at page 4648:

In recent years we have been imposing the high rates of our general tariff upon imports from Japan. In consequence, we have imported very little from there, even though we have been selling large and increasing amounts of our exports to that country. It has become more and more difficult in these circumstances to justify the fact that we were not extending most-favoured-nation treatment to Japan. In the new trade agreement we are now proposing to correct this anomaly.

Honourable senators will find a detailed account of the trade situation contained in three tables, which I now ask the consent of the house to file as an appendix to today's report of debates, to be considered as part of my remarks. The first of these three documents, headed "Canada's Trade with Japan", covers first the years 1928 and 1929, the three years preceding the Second World War—1937, 1938 and 1939—and the more recent years of 1950, 1951, 1952 and 1953. The second table gives in considerable detail Canada's pre-war trade with Japan. The third table covers Canada's trade with Japan in 1953.

See Appendix to today's report of Debates.

The third of these documents shows substantial increase in Canada's export trade with Japan in recent years. In 1953 our total exports to Japan were approximately $119 million, while our imports amounted to only a little more than $13 million. Our main exports were wheat, $52 million; barley, $17 million; iron ore and scrap iron, $11 million; woodpulp $8 million, and such other items as

wheat flour, flaxseed, copper, asbestos, newsprint, aluminum, brass, synthetic resins, hides and skins. Japan was Canada's third largest market for wheat last year and one of the leading markets for barley, woodpulp and iron ore.

Honourable senators, Japan is by far the most important nation of the Far East; it is the third biggest importer of our products, and it is friendly to the western bloc. It has a population of more than 90 million people. During the debate on this agreement in the other house the Right Honourable the Minister of Trade and Commerce, speaking about the progress Japan has made since the end of the Second World War, had this to say:

> Japan is assuming the status of a major participant in world trade. A great deal of reconstruction and reorganization has taken place in the Japanese economy since the end of the war. Certain aspects of these developments bear great promise for the future of our own trade.

Furthermore, as may be judged by a review of the major items of Japan's exports to Canada in recent years, her production and industry on the whole are complementary to our own.

It may suffice at this point to mention Japan's exports of oranges, green tea, flax, hemp, jute, pure silk, fish nets, toys, precious stones unmounted and so on.

The aftermath of war has changed many things in Japan. On the moral plane, I would mention an earnest desire to conform to commercial ethics and give up trade practices which in the past have caused so much concern to many of their competitors in Canada. And, on a more material plane, there has been a sincere attempt to improve the standard of living. It is a well-known fact that, as a result of the introduction by the Americans of their wheat and other foods into the country, the younger generation of Japanese insist on having better and more substantial food than was formerly available. That is the reason why Japan is, to some extent, abandoning rice as the staple or main food for the population and is importing our grain in large quantities. She is particularly desirous of importing our hard wheat, which is considered the world over to be the best wheat obtainable.

Hon. Senators: Hear, hear.

Hon. Mr. Beauregard: In the final analysis, Canada can hardly expect to increase trade further with such a good customer without making her the concessions that have already been granted to nations of lesser importance. The discrepancy that exists between our exports to and our imports from Japan appears to be the main reason for the agreement which is before us.

I want now to turn to the agreement itself. I will not deal with it in much detail, but I wish to pay more attention to what I shall call the safeguards surrounding the agreement. As I have already mentioned, the agreement does not affect our trading relations with the countries of the commonwealth. These countries remain in the privileged class. Another safeguard is that the agreement is made for a period of fifteen months, at the end of which time both contracting parties, or one of them, may decide to terminate the agreement, or to enter into *pourparlers* in order to come to a new arrangement. Further safeguards are to be found in the text of the agreement itself, and particularly in the four or five letters that form part of the agreement, which letters, as I have already said, appear with the agreement as an appendix to the Senate *Hansard* of April 1. There is, on page 425, one letter in particular which I consider quite important. It is from the Ambassador of Japan, addressed to Mr. Pearson, Secretary of State for External Affairs, and says that the Government of Japan concurs in the following terms that Mr. Pearson had expressed in a letter to the Ambassador:

> 1. If, as a result of unforeseen developments and of the effect of the obligations incurred by Canada under the aforesaid agreement, any product is being imported into its territory in such increased quantities and under such conditions as to cause or threaten serious injury to the domestic producers in its territory of like or directly competitive products, Canada will be free, in respect of such product, and to the extent and for such a time as may be necessary to prevent or remedy such injury, to establish values for ordinary and special duty purposes.
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> 2. In determining whether values should be established in respect of any product pursuant to paragraph 1 and in determining the level at which such values should be established, Canada will take into account the prices of like or directly competitive products, if any, being imported at that time from other countries.
>
> 3. Before Canada takes action pursuant to paragraph 1, it will give notice in writing to Japan as far in advance as may be practicable and will afford the latter an opportunity to consult with it in respect of the proposed action.

Honourable senators may have in mind one or two Canadian industries which are causing us some concern and which may possibly suffer as a result of this agreement being entered into. If it so happens that any industry does so suffer, Canada can invoke the terms of this letter, which is part of the agreement, to safeguard the particular industry. In that case the department can valuate the imported goods up to the value of goods of the same kind and nature produced in Canada, and apply to these imports the ordinary tariff rates. I am, of course, speaking of what no doubt will be very

exceptional cases. It is the intention of both parties to employ these safeguards subject to the most extreme precautions.

As regards eight or nine of our products which constitute the larger part of our exports, the following undertaking appears in another letter from the Ambassador of Japan to the Secretary of State for External Affairs:

> With reference to the Agreement on Commerce between Japan and Canada which has been signed today, I have the honour to state that notwithstanding the provisions of paragraph 3 of article III which permit certain temporary deviations from the provisions of paragraphs 1 and 2 of this article, the Government of Japan undertakes to accord unconditional non-discriminatory treatment with respect to the importation into Japan of the nine commodities listed below, subject to exceptions agreed upon between the Government of Japan and the Government of Canada.
>
> Wheat, barley, woodpulp, flaxseed, primary copper, lead in pigs, zinc spelter, synthetic resins, milk powder.

These, in my opinion, are the main safeguards which have been agreed upon, and I think they are sufficient to dispel any concern we may have as to the practicability and the utility of the agreement. It is the expectation of both parties to the agreement that trade between the two countries will be increased. The ratios may vary somewhat, but not, it is expected, to such an extent as to endanger our respective economies. It may be, as I have already remarked, that a few industries will suffer. That possibility has been considered, and it is held that the general good must supersede an individual interest. It is significant that, according to the report of the debate in the other place, the very members who have raised such objections have themselves answered their own contentions, for they admit that, nevertheless, the agreement should be approved.

There is another reason why we should make certain concessions to Japan. Incidentally, these concessions are made in the expectation that they will prove beneficial to Canada as well as to Japan. At the present time Japan is the most populous free country in the Far East, and if the West is not prepared to lend her aid she may well look to the communist group for assistance. Canada is spending large sums of money to help countries who are unable to help themselves, and I am sure we all realize that while this may bring us certain losses in the matter of trade, these losses are nothing compared with what might result if this assistance were not forthcoming. Although this factor may have no direct connection with the subject of trade and commerce, I feel that it is perhaps the most vital reason why we should approve this agreement.

Some hon. Senators: Hear, hear.

Hon. Mr. Beauregard: I think this was perhaps one of the main reasons why the agreement was unanimously approved at one sitting of the House of Commons. I am not asking that the Senate express its approval without any discussion; on the contrary, I hope that some honourable senators will give the house more information than I have been able to furnish, and answer any criticism that may be levelled at the agreement.

Hon. Mr. Haig: Honourable senators, I move the adjournment of the debate. May I take this opportunity to congratulate the honourable senator from Rougemont (Hon. Mr. Beauregard) on his fine speech of this afternoon. It was the first recent occasion upon which I have heard him make extended remarks in this house, and I am sure that all honourable senators were delighted to hear him.

Hon. Senators: Hear, hear.

On motion of Hon. Mr. Haig, the debate was adjourned.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill D-15, an Act for the relief of Francis Walsh.

Bill E-15, an Act for the relief of Hilda Anne Darke Marshall.

Bill F-15, an Act for the relief of Claude Raphael Sacchitelle.

Bill G-15, an Act for the relief of Isabel Mary Peebles Brown Macartney-Filgate.

Bill H-15, an Act for the relief of Wilfrid Lavoie.

Bill I-15, an Act for the relief of Joseph Edgar Emilien Landry.

Bill J-15, an Act for the relief of Joseph Victor Gerard Fontaine.

Bill K-15, an Act for the relief of Jeanne Robert Hotte.

Bill L-15, an Act for the relief of Heneault Champagne.

Bill M-15, an Act for the relief of Leopold Ruel.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

CANADA'S TRADE WITH JAPAN

(Millions of dollars)

	1928	1929	1937	1938	1939	1950	1951	1952	1953
Canadian Exports.....	38·7	37·5	25·8	20·8	28·2	20·5	73·0	102·6	118·6
Canadian Imports....	12·8	13·3	5·9	4·6	4·9	12·1	12·6	13·2	13·6
Canada's Balance.....	+25·9	+24·2	+19·9	+16·2	+23·4	+ 8·4	+61·4	+89·4	+105·0

CANADA'S TRADE WITH JAPAN PRE-WAR

PRINCIPAL CANADIAN EXPORTS

(Fiscal years ending March 31)

	1937	1938	1939
	(Thousands of dollars)		
Aluminum	1,948	4,777	6,506
Nickel	2,006	5,428	5,571
Lead in pigs	3,976	2,865	1,555
Copper ore	—	1,273	2,072
Asbestos	885	1,382	1,449
Zinc spelter	1,056	1,216	913
Wheat	3,093	1,132	—
Scrap iron	674	643	626
Wood pulp	1,282	3,632	557
Newsprint and wrapping paper	2,415	1,628	48
Logs	783	315	333
Fish, dry salted (mostly salmon and herring)	594	499	296
Cattle hides	130	157	193
Douglas Fir timber	434	356	100
Fish roe	106	54	72
Wheat flour	1,102	222	—
Planks and boards	236	82	36
Total above items	20,720	25,661	20,327
Total all exports	21,630	26,640	21,045

PRINCIPAL CANADIAN IMPORTS

(Fiscal years ending March 31)

	1937	1938	1939
	(Thousands of dollars)		
Cotton mfrs., other than clothing (towels, handkerchiefs and like)	157	250	344
Tea	293	357	308
Silk and mfrs., (mostly fabrics for neckware, handkerchiefs and raw silk)	384	442	290
Chinaware and other clay products	418	390	267
Tuna fish, canned	190	218	250
Flax, hemp and Jute products	52	287	236
Toys	231	310	222
Artificial silk products	263	267	206
Rice	250	209	203
Oranges	250	154	185
Glass and glassware	154	251	139
Light bulbs	48	119	98
Textile rags and waste	140	164	79
Knitted gloves	102	88	69
Peanut oil	—	23	69
Bone, ivory and shell products	108	101	67
Fishing lines and nets	56	78	62
Drugs and chemicals	67	64	49
Brushes	65	76	40
Total above items	3,228	3,848	3,183
Total all imports	4,796	5,782	4,467

CANADA'S TRADE WITH JAPAN—1953

Principal Exports

(In thousands of dollars)

Barley	17,497
Wheat	52,434
Wheat flour	2,873
Sugar	52
Gin	51
Whisky	4,089
Potable spirits, *n.o.p.*	55
Flaxseed	1,381
Cigarettes	91
Fish roe	184
Hair and bristles	63
Hides and skins	1,276
Beef and veal, fresh	937
Tallow	584
Cotton rags and waste	99
Wool rags and waste	1,177
Cedar logs	301
Wood piling	355
Planks and boards, Douglas Fir	155
Wood pulp	8,314
Newsprint	1,971
Iron ore	7,041
Scrap iron	3,863
Steel plates, sheets and strips	71
Railway rails	149
Bookkeeping and calculating machines	122
Aluminum scrap	783
Brass scrap	1,685
Brass tubing	64
Copper, ore	1,259
Copper scrap	3,069
Copper tubing	51
Lead in pigs	52
Platinum	547
Ores, *n.o.p.*	331
Metallic scrap, *n.o.p.*	191
Metal manufactures, *n.o.p.*	298
Asbestos milled fibres	1,857
Asbestos waste	724
Mica sheets	56
Medicinal preparations	59
Polystyrene	705
Drugs and chemicals, *n.o.p.*	475
Aircraft	138
Total above items	117,529
Total all exports	118,568

Principal Imports

(In thousands of dollars)

Oranges	1,204
Canned fruits	71
Green tea	126
Fresh tuna fish	338
Canned crabs, clams and shrimps	71
Oysters	50
Canned tuna fish	86
Undressed rabbit skins	94
Fish oil	348
Cotton fabrics	332
Manufactures of cotton	358
Manufactures of flax, hemp and jute	578
Silk fabrics for neckware	319
Clothing of silk	317
Gloves and mitts of wool	407
Gloves of synthetic textile fibres	248
Fishing nets	114
Knitted hoods and shapes	57
Oak and mahogany	91
Plywood	169
Manufactures of wood	102
Paper novelties, flowers and games	128
Iron and steel plates and sheets	410
Iron and steel pipe fittings	99
Iron and steel well casings	462
Table knives and forks	129
Spoons	58
Nails	55
Sewing machines	317
Engineers precision tools	73
Nickel silver in ingots	199
Gold plated ware	188
Electric light fixtures	50
Earthenware titles	105
China and porcelain tableware	496
Stoneware and earthenware	302
Sodium glutamate	220
Toys	1,063
Buttons	181
Jewelry	184
Cameras	101
Optical and philosophical instruments	304
Statues and statuettes	219
Artificial flowers and feathers for hats	156
Communion sets	95
Alabaster ornaments	172
Precious stones, unmounted	183
Total above items	11,429
Total all imports	13,629

THE SENATE

Wednesday, May 19, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

CRIMINAL CODE BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented a report of the committee.

The report was read by the Clerk Assistant as follows:

Your committee recommend that it be authorized to print 400 copies in English and 200 copies in French of its proceedings on the said bill, and that Rule 100 be suspended in relation to the said printing.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden: With leave, I move that the report be concurred in now.

The motion was agreed to.

INTERNATIONAL RAPIDS POWER DEVELOPMENT BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill B-15.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications to whom was referred the Bill B-15, intituled: "An Act to amend the International Rapids Power Development Act", have in obedience to the order of reference of May 12, 1954, examined the said bill and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hugessen: Next sitting.

LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION CONCURRED IN

The Senate proceeded to consideration of the report of the Civil Service Commission respecting the staff of the Library of Parliament.

Hon. Norman P. Lambert moved that the report be concurred in.

He said: Honourable senators will notice that the report of the Civil Service Commission reclassifying certain positions on the staff of the Library of Parliament was printed in yesterday's Minutes of the Proceedings of the Senate. This report is in response to the recommendations contained in the report of the Joint Committee on the Library that was presented to the Senate on Thursday last.

I have nothing further to say, except to remark upon the prompt action of the Civil Service Commission in this matter.

The same report was passed yesterday in the other house, unanimously, and without comment.

Hon. Mr. Reid: Honourable senators, before the motion carries I want to compliment the Civil Service Commission upon acting so promptly. It is not often that we have such prompt action from the commission. However, I find some of its recommendations most intriguing, if not mystifying.

A quick glance at the new classifications indicates to me that the salary range between Reference Librarian, Grades 1 and 2, is almost $700, while between Grades 4 and 5 it is only slightly more than $200. On the other hand, the difference between a Reference Librarian, Grade 5, and the Chief Reference Librarian is almost $900. I draw these figures to the attention of honourable senators so that when we next examine the affairs of the Library of Parliament we can ask the Civil Service Commission why the salary range is not uniform from grade to grade.

The motion was agreed to, and the report was concurred in.

CANADA-JAPAN AGREEMENT ON COMMERCE

MOTION FOR APPROVAL OF RATIFICATION—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Beauregard:

That it is expedient that the Houses of Parliament approve the ratification by Canada of the Agreement on Commerce between Canada and Japan, signed at Ottawa, March 31, 1954, and that this house do approve the same.

Hon. John T. Haig: Honourable members, I have been reminded by two of my colleagues on this side that I sometimes forget myself and address my remarks to Mr. Speaker. My earlier training accounts for my forgetting at times the accepted procedure.

May I say first that I approve of the trade agreement now before us. However, I should like to make some comments about the situation behind the making of an agreement.

For the past year or two our trade position with Japan has been very much in our favour. The interesting point about the agreement is that we have now come to terms with one of the nations with which we were at war from 1941 to 1945. I anticipate that within a very short time we shall have presented to us for consideration a similar agreement with West Germany, or Germany proper, for today we seem to be treating as allies those people who from 1939 to 1945 were our enemies. I can remember debating in this house, at the time Germany attacked Russia, the question of which side we should be on. Some question was raised then as to whether our action in voting supplies and ammunition to Russia was not a mistake. Considering all that has happened in the meantime, I do not know whether or not it was a mistake, but I do know this, that at the time we voted supplies and ammunition to Russia—and I think we were unanimous—we did so because we thought that was the best thing to do for Canada and for the world.

I want to take advantage of this opportunity to draw some conclusions from what we are doing in this case. It seems at the moment that in making this agreement with Japan we are doing the very best thing we can for the world and, incidentally, for Canada at the same time. Those of us who can remember life prior to 1914 must realize —and there is no use in denying this hard fact—that we are living in an entirely different kind of world now. Not having the same kind of a world today as we had then, we cannot make the same kind of calculations at all. The 1914-1918 war with Germany was very much like the old wars that we read about in our history books. In that war the civilian population was not affected to any large extent. It was, you might say, a professional war. But since then the whole world has changed. While we were at peace with the world some people were preparing for another war, and many clear thinkers prophesied that it was only a matter of time till we would be back in a struggle again, but maybe not with the same nations. As a result of the NATO agreement, apparently, there is peace in Europe, a peace which may last, so far as we know, for the next four or five years. Whether or not Russia or her satellites will attack Europe some day is a question. In the meantime, as I say, there is peace in Europe. But that is not true of Asia.

Asia is in a foment. Up to about three or four years ago I thought—and I presume others thought so too—that the finest people in eastern Asia were the Chinese. I remember that when I was on the west coast, in 1903-04, everybody in that part of the country said, "We have a lot of Japanese here and a lot of Chinese, but the Chinese are the people you can trust and with whom you can do business." That was the general opinion across Canada for many years until the Chinese got infected with a virus which apparently has brought about a change.

Today in east Asia, where many of the primary products of the world, such as rubber, tin, and other important materials, are produced, there is a struggle on for their control. Our hope of successful resistance to China, with its 500 millions, to Russia, numbering over 200 millions, and to some other Asiatic powers whose teeming populations are dominated by communism, depends on the help which we can count upon from the United States, Japan, New Zealand and Australia. There may be some aid from Malaya; maybe Great Britain will help; but I cannot but agree with an editorial which I read today in the Winnipeg *Free Press*, to the effect that although fighting against communists has been going on in Malaya and other countries for several years, the western states never seemed to have wakened up to the full menace of Eastern Asia; and it is only now, after the heroic French defence in Indo-China, that the world has been brought to a realization that a great struggle is going on in that country for the control of its millions of people. We Canadians, and the Americans, who are the same kind of people as ourselves, with the same problems, have been slow to recognize how important it is that these Asiatic people should understand that neither Canadians nor Americans have any design to wield economic or military control over them. I do not agree with the opinions of Nehru of India; I am more in accord with the Premier of Pakistan, whose views on this matter, I think, are the right ones. We in the western world do not want colonies, we are not imperialists; we have no thought of domination. All we want to do is to bring to these peoples some of the blessings of freedom and civilization, which we believe are better than anything the Russians can offer.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: The present agreement will be of great value if it helps to convince the people of Japan that we in the West have no designs on their country, their government, their religion, or anything else that is theirs. For that reason I am very strongly in favour of ratification of the agreement.

Some one may say that because I am from Western Canada, which produces large quantities of wheat, barley and flax seed, I cannot but be in favour of this treaty. But, no matter what benefits the treaty might bring us in the marketing of these products, if I believed that its effect would be to turn Japanese opinion against Canada or Canadian interests, I would be against it. We hope that we shall be able to take enough Japanese exports to make the agreement satisfactory to them as well as to us. It is of course true that the people of western Canada, and particularly of the three prairie provinces, are in favour of this agreement. But it relates not only to wheat, barley and flax-seed, it provides for the entry of Canadian pulpwood, and in this respect will benefit British Columbia, Ontario, Quebec, and probably New Brunswick. The agreement also applies to such base metals as copper, zinc and lead, which are produced in several provinces.

Honourable senators, while I am generally in favour of the agreement I should like to point out what may happen if we approve its ratification. Yesterday afternoon the honourable senator from Rougemont (Hon. Mr. Beauregard) gave the house a clear explanation of the terms of the agreement. He pointed out that it is to continue in effect for a period of one year from the date of its entry into force, after which time either contracting party may terminate the agreement upon giving three months' notice. The agreement provides for the evaluation of goods in certain circumstances, and so on. Canada's import-export trade is subject to change. Wheat, oats, barley, livestock, pulpwood, and mineral products form the backbone of our present trade, but let us not forget what has happened to our once thriving textile industry. Hundreds of our textile workers are facing unemployment because products of the Canadian industry are unable to compete with cheaper products imported from other countries.

After 1878 Canada's two great political parties bitterly opposed each other down through the years on the question of free trade *versus* protective tariffs. But the dispute finally ended when, after the late war, all Canadians came to realize that the best hope for world peace lies in world trade. We know how good will can be built up through interprovincial trade. If, for instance, firms in Manitoba, Ontario and Quebec are able to deal with one another to their common satisfaction, it helps to bring about a happier relationship between the people of these provinces. As a member of a Manitoba firm I can say, "I don't care what anybody else says about people of Ontario or Quebec. I know they are fine people, for I have been doing business with firms in Hamilton and Quebec City for some thirty years now and they have always given me the best of service." Well, in this respect trade between countries is the same as trade between provinces. Our chief difficulties stem from comparative production costs. A short time ago the British Columbia Electric Company Limited called for tenders from Canadian and British electrical firms on laying a cable between the mainland and Vancouver island. The tenders of Canadian firms ranged around $4 million, whereas British firms tendered at around $3 million. According to Canadian manufacturers of electrical equipment, lower wage rates in Great Britain accounted for this difference.

Canadian goods have to compete with goods produced by cheaper labour in such countries as Germany, India, Japan, Malaya, Indo-China and even China. I do not complain when our factory workers seek wage rates comparable to those enjoyed by other citizens of this country. But employers in this country have to pay high taxes as well as high wages. When a company is taxed about 50 per cent of its profits, to start with, a profit of $1 million nets in reality only half a million, because the other half goes to the government in taxation. The employees also are heavily taxed. When a labourer is paid, say, $2 an hour for an eight-hour day, a part of his earnings is deducted for income tax before he gets his pay. These taxes enter into the cost of living in this country. I am not saying anything about that fact at the moment, other than we must not forget it. The other day when some British ships landed in Montreal with British crews, it was said that the sailors were paid $70 a month, with board, but that Canadian sailors are paid $208, with board. These are facts that we are faced with today. The people of Canada who will be in favour of protection will be those working in the factories, because they will try to hold to their standard of living. I do not blame them. If I were a labourer I would look at it from the same viewpoint, and I believe every other member of this house would also.

I am pointing out some of the consequences that could flow from this treaty which we are asked to approve. It is a fine thing to advocate trading between nations, and I am all for it, but we must not overlook the problems that may result. The farmers of Western Canada would very much like an opportunity to sell their wheat, barley and flaxseed. As they say out there, "We are loaded to the eyes with wheat just now". None of the 1953 crop is sold yet, and I do

not think all of the 1952 crop is sold. There is no place to put all this wheat, so it is just left to lie on the ground.

I bring this to the attention of honourable senators because I am persuaded that when Canada makes a treaty with another country, it should do so with its eyes open, knowing what may happen as a result. Recently I read in a national magazine—I think it was *MacLean's*—an account of a man who worked in a textile factory in New Brunswick, if I remember rightly. His father had worked there before him. The factory closed down, and this man and his family were deprived of their earnings. It is very easy to praise a treaty like the one before us, but I want to point out to honourable senators the problems that may come later.

I hope Japanese producers will not try to undercut the sales price of the ordinary products of this country. If they do, they will meet resistance that will result in a struggle between the people of this country who want to sell raw materials and those who want to sell manufactured goods. I raise these questions because I think that as a senator I ought to do so. The people of Canada should realize that the seller's market is over and that we are now in a buyer's market.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: Recently when the railways estimated that a certain demand for increased wages would cost them an additional $60 million a year, Mr. Hall, the head of a prominent railway brotherhood, said "Let them get the money". However, the last time the railways went before the Board of Transport Commissioners seeking permission to increase freight rates so as to bring in additional revenue, the board refused to grant the application, saying that the limit of high freight rates had already been reached.

Somebody has got to stand up somewhere and tell the people of Canada that we are now in a buyer's market, and the world is not prepared to accept conditions as they existed in a seller's market. It is said that Germany is getting back to its earlier trading position rapidly. The reason, of course, is that men and women over there are willing to work from 48 to 56 hours a week. You say, "scandalous", but it is a fact, and we in this country must be realistic about it. Some people outside of the Senate may say, "It is all right for that fellow Haig to talk, but he doesn't have to face the electors". In reply to that, I would say that I have faced the electors many many times.

An Hon. Senator: Hear, hear.

Hon. Mr. Haig: I always tried to tell the people the truth, and they seemed to like it, for they kept voting for me. I sympathize with the people who are manufacturing goods and also with the people who work in their factories. In that connection, I should like to tell a story. In 1914 I was running as a candidate in a suburban constituency, where all the people worked in the C.P.R. shops. I was the father of several children, and at about half past five when I arrived home from the office my youngsters would run out to greet me, showing they were glad to see me. I got the idea that I was the only Dad around there, and that my children were something special. When canvassing in my constituency, which was outside the city of Winnipeg, I used to start calling at the homes about half past four in the afternoon. In those days women did not have a vote, so if a husband was not home from work I would wait for him. His wages would be about $150 per month, and his clothes would be all dirty from working in the shop, but his children would run out to greet him and hang on to him, just as my children did to me. So I said to myself, "As long as you live, John T., never forget that experience". And I have never forgotten it.

Men and women like ourselves have a responsibility to Canada and should speak frankly when we are discussing a matter such as this agreement. It cannot fail to meet with some disapproval; its effect cannot be all good or all bad. I hope that we as Canadians will try to deal in a fair way with any problems that it may lead to. I will do my best, and I am sure every other member of this house will, to make the treaty a success; but let us remember there are two sides to the story.

Some Hon. Senators: Hear, hear.

Hon. R. B. Horner: Honourable senators, I would like to make a few remarks on this trade treaty before us. I am quite delighted that the subject is under discussion. It is along the line that I would expect it to be. The Leader of the Opposition (Hon. Mr. Haig) has delivered a very good address, although I do not agree with some of it.

Some Hon. Senators: Oh, oh!

Hon. Mr. Horner: I do not intend to discuss conditions all over the world. Of course, we all realize the very great truth that in the changed world of today no nation can live unto itself; that is self-evident, and that is the thought underlying this treaty with Japan.

I understand that the Japanese have invented a mill—I believe the best of its kind in the world—that prepares and hulls barley,

which they mix with rice. We all realize that since the recent war Russia's activity in and around Japan has so hemmed in her population as to force her to produce goods for export in order to exist.

If I have any fault to find with this agreement, it is only as to its escape clauses by means of which Canadian manufacturers may appeal to our government for restrictions that would interfere with the function of the agreement. I would point out to the manufacturing interests of Canada that their greatest market is among their own people. For instance, the very expensive farm machinery manufactured chiefly in Eastern Canada is sold to purchasers in Western Canada. Now when a market for some of the products of the West is being found in Japan, I plead with the manufacturers of Eastern Canada not to interfere. For if we do not carry out the terms of this agreement Japan will be forced to trade with Russia and will buy her food requirements there instead of in Canada.

I have often thought that while protection for manufacturers was necessary in the earlier days of Canada, we have today developed such material resources and manufacturing techniques that—in the textile industry, for instance—have reached a point where they must expect to compete with the rest of the world. It may be true that labour's demands are pricing our manufacturers out of the world markets. But be that as it may—and I know I will be criticized for the remark I am about to make—Canada's general policy of shorter hours and a five-day week do not add anything to her position in the world today. Our young men and women do not require these long week-ends to keep in good health. However, my main anxiety is that the industrial interests of Eastern Canada should not be too hasty to rush to the government and seek to take advantage of the escape clauses in this agreement.

The honourable leader on this side (Hon. Mr. Haig) has told the house of the huge piles of surplus wheat in Western Canada. From a straight business point of view, I think that is the poorest kind of publicity we could have. Being a wheat grower myself and familiar with the situation, I know of no manufacturer or producer of other goods whose surplus stock is so widely publicized as is the grain-grower's.

Hon. Mr. Quinn: The honourable leader (Hon. Mr. Haig) said he was only giving the facts.

Hon. Mr. Horner: But those are not the facts. The fact is that there is not now one bushel of wheat on the ground in Western Canada.

Some Hon. Senators: No, no.

Hon. Mr. Horner: I have travelled throughout the country a good deal, and have learned that the farmers who at one time had some wheat outside have now moved it into the granaries. In towns in the area in which I live, elevators which could hold perhaps half a million bushels of wheat are now empty, and under the quota system of deliveries they cannot be filled. Anyway, it does not do our position any good to keep talking about a wheat surplus.

In conclusion, honourable senators, I hope this trade agreement with Japan will be a success, and I am delighted to support it.

On motion of Hon. Mr. Reid, the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

83280—32½

THE SENATE

Thursday, May 20, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine Proceedings.

VOCATIONAL TRAINING CO-ORDINATION BILL

FIRST READING

A message was received from the House of Commons with Bill 326, an Act to amend the Vocational Training Co-ordination Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Lambert: With leave, Tuesday next.

DEPARTMENT OF TRANSPORT BILL

FIRST READING

A message was received from the House of Commons with Bill 443, an Act to amend the Department of Transport Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Lambert: With leave, Tuesday next.

ADJOURNMENT

On the Orders of the Day:

Hon. Mr. Lambert: Honourable senators, I move that when the Senate adjourns today it stand adjourned until Tuesday next, May 25, at 3 p.m.

The motion was agreed to.

INTERNATIONAL RAPIDS POWER DEVELOPMENT BILL

THIRD READING

Hon. Mr. Lambert moved the third reading of Bill B-15, an Act to amend the International Rapids Power Development Act.

The motion was agreed to, the bill was read the third time, and passed.

CANADA-JAPAN AGREEMENT ON COMMERCE

MOTION FOR APPROVAL OF RATIFICATION—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Beauregard:

That it is expedient that the Houses of Parliament approve the ratification by Canada of the Agreement on Commerce between Canada and Japan, signed at Ottawa on March 31, 1954, and that this house do approve the same.

Hon. Thomas Reid: Honourable senators, in rising to take part in this debate I want at the outset of my remarks to commend the honourable senator from Rougemont (Hon. Mr. Beauregard), who introduced the resolution and made the necessary explanations. It is the first lengthy speech that I have heard him make in the Senate since I came here. I sincerely think he did a splendid job, and I say that for the record.

Hon. Senators: Hear, hear.

Hon. Mr. Reid: I also congratulate the Leader of the Opposition (Hon. Mr. Haig) on his speech of yesterday.

The position that I am going to take this afternoon may come as a surprise to many honourable senators.

Hon. Mr. Grant: Not a bit.

Hon. Mr. Reid: I say that because for many long years in the House of Commons I took a definite stand against the Japanese. In the course of my remarks I want to state briefly why I did so and why I have now changed my attitude towards Japan. And so right away I wish to assure honourable members that I am entirely in agreement with the treaty.

I am one of those who believe that if we desire to better our trade relations with a country it is perhaps as well that we know something of its people and history, so I will take a few minutes to outline briefly to honourable senators something about the people of Japan and their history, and I trust this will give the house a better idea of how these people think and act. Many in this country do not realize, when speaking about Russia and other Asiatic countries, that the people of those countries do not think or act along the same democratic lines as we in this country do.

Very early in its history Japan developed a system of indirect rule of government, which remains to this day. For three centuries, from the year 670 to 1050, the aristocratic family of Fujiwara ruled. Then followed rule by three hundred clans, headed by a generalissimo or, as he is called in Japan, a shogun, and that system of government lasted for the next 700 years. The feudal age in Japan culminated in one of the most extraordinary episodes recorded in human history. Japan closed her doors and went into complete isolation from 1636 to 1855. During that period Japan was a sealed country; no Japanese was allowed out and no foreigner was allowed in. No ships of over one hundred and fifty tons were built, and all existing vessels of larger capacity were destroyed. Japanese mariners

were ordered to confine themselves to coastwise traffic under pain of death. Christianity was extirpated, through the slaughter of scores, perhaps hundreds, of thousands of converts, and not one was left alive.

This isolation was broken in 1855, when Commodore Perry, of the United States Navy, compelled the then shogun's government to admit foreign goods and people into the country. Japan's development after that was very rapid. In no more than fifty years an Asiatic feudal state modernized itself with astonishing effectiveness and took its place among the great powers of the world. Never before in the history of mankind has a government sent a nation to school and carried out the experiment with greater efficiency. May I say here that long ago I had personal knowledge of certain methods used by the Japanese. I well remember that in the days of my youth, when I was an apprentice to the engineering trade, Japanese students visited our factory, as no doubt they visited many more, and we opened our doors and showed them everything we had, without realizing the purpose of the visits or what might result from them. The British organized the Japanese Navy; the Americans created a modern educational system in Japan; it was a Frenchman who codified the Japanese laws; Germans directed the nation's higher medical education and modernized their Army; and an Englishman gave Japan a uniform currency. And so, just twenty years after acquiring a seat on the League of Nations council, Japan believed herself strong enough to make war on the United States and the British Empire. It was her ambition to found a greater empire than had yet existed, enabling her to control 600 million people; and only time will tell whether failure to do so will doom her to a minor position, dominated perhaps by an awakened China, or leave her still a mighty force in Asia.

I come now to the point where I want to explain the reason for my stand in days past. Those of us who live in British Columbia know more about Orientals, and specifically Japanese, than do the people of any other province, because practically 100 per cent of the Japanese population of Canada was located in our province. Years ago we discovered what Japan was aiming at. We had proof that hundreds of their nationals who occupied strategic positions in their army, navy and air force had been assigned definite duties while Tokyo waited for the time to strike. I think we can safely say that important events are occurring at this time, and that if Canada ever has trouble with Russia hundreds of people in this country will be looking forward to giving some assistance to our enemy.

However, I will resume the story I have to tell regarding Japan before the war. Knowing what was going on—having proof of it—many people, of whom I was one, took a stand against the Japanese and Japanese infiltration. Nevertheless, we were accused of fomenting racial hate; some of us were called unpleasant names; for we could not make the people of the eastern and the midwestern provinces aware of the danger. It is certain that no one can tell what might have happened if the Japanese had been victorious in the last war.

I have pointed out how Japan is governed. The government is not, as in Canada, carried on by the elected representatives of the people. For at least 700 years the military authorities have been dominant in Japan. Look at the situation just prior to the outbreak of the late war. It is now known with certainty that but for disagreements on strategy among the Japanese military authorities, their armed forces would have launched an attack on this continent. It happened that the dispute in the high command was won by the air force and the navy, and as a consequence the enemy struck at Pearl Harbor. Had the dispute been settled in favour of the army, Japan might well have attacked Alaska and British Columbia. I do not suggest that this action would have meant defeat for the Allies, but the Japanese military machine would certainly have gained a foothold in North America, for there was not a single fortification to defend these territories.

Many people on the west coast were aware that hundreds of modern Japanese fishing boats lay scattered in strategic positions all along the coast from the Yukon to the Mexican border. They were just waiting for the order to attack. Japan was defeated in the war, so it is easy now for people to criticize the Canadian government for having moved Japanese-Canadian citizens from British Columbia to the interior and to eastern points. But had those same people lived in British Columbia in those dark days, not knowing where Japan was going to strike, they would have been among the first to support the government action. Incidentally, a great many of the Japanese-Canadians, particularly those who were moved to Alberta, have since informed me that they have done much better for themselves in their new surroundings than they would have done had they remained in British Columbia.

Honourable members, before dealing with the agreement itself I should like to make a few more comments about Japan. As a result of the late war Japan lost many of her possessions. The peace treaty deprived her, a nation of 86 million people, of at least 45

per cent of her possessions, and of part of her fisheries. Indeed, it is only because of the liberal aid given by the United States that she has been able to carry on. I think it has been unwise to dispossess her so completely. It often happens that people are too close to passing events to evaluate their historical significance. Let me give an illustration. After the Boston "Tea Party" some men in England actually committed suicide because one of the colonies had dared to rebel against British rule. But I am sure we are all thankful now that the United States has become the powerful nation she is today. In spite of any criticism that can be made of her foreign policies, her power and strength form the greatest bulwark in the world against Russian domination.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Reid: Then there is Alaska. The man who purchased that territory for the United States, William H. Seward, almost had to flee his own country, and the American newspapers of the day used banner headlines to refer to "Seward's folly". But does anyone doubt that the people of North America would be far more uneasy today if Russia still owned Alaska? And what about Korea? In 1910, five years after the Russo-Japanese war, Japan annexed Korea, and I think we can look upon that event as a blessing, for it is not difficult to visualize what a terrible menace it would be to the western world if Russia were in control of Korea today. However, during the recent war Japan lost Korea. At the time when Japan annexed the country the Koreans were exceedingly backward, by our standards, and they are still somewhat backward today. I wonder if it is wise to give complete freedom of government to so backward a people.

The honourable Leader of the Opposition (Hon. Mr. Haig) said that neither the United States nor Canada has military designs on any territory. That is correct. But what we are dealing with here is a trade agreement, and the Japanese hold some resentment against the Americans and the British for having opened trade with Japan in the first place, and they dislike the manner in which the United States is trying to control trade now. The United States is in a powerful position to dominate Japanese trade, for she has aided Japan to the extent of $2,500 million. Latest figures show that exports from the United States to Japan last year totalled in the neighbourhood of $560 million, against total Japanese exports to the United States of approximately $260 million. Only 16 per cent of the land in Japan is arable, and it must be remembered that in that country there are 3,600 persons to the square mile. The present population of about 86 million is growing at the rate of 1,200,000 per year. That is a large population to feed, and those people have been seriously dispossessed. How can we, a sparse population in a land of plenty, having so much of God's goodness and material riches bestowed upon us, refuse to do something to help Japan, even though she was a ruthless enemy only a few years ago? I cannot say what yardstick should be used to measure the degree of help we should give, but I know that we have not adopted toward Germany or Russia the adverse policy that has been adopted toward Japan.

Of course, Canada is not trading with Russia, although Great Britain is. I am one of those who feel that Russia is putting up a great big bluff about mutual trading. Statements emanate from Moscow that Russia is willing to trade with any other country, but inside information discloses that she is not in a position to do so, because her own people need practically all the foodstuffs she produces, and even more. Further, she has not sufficient gold or currency to carry on much foreign trade. Perhaps we in Canada will come around to trading with Russia some day. We know that Germany, for instance, has not had held against her by other countries the ruthless acts of aggression and the millions of murders she committed; on the contrary, we have forgotten all that, and are willing to trade with her today.

I want to direct the remainder of my remarks toward the trade agreement before us. The tables placed on the record by the honourable senator from Rougemont (Hon. Mr. Beauregard) in his speech of Tuesday are very enlightening. I note that in 1939 we exported to Japan 17 commodities, having a total value of $21,045,000. In 1953 we exported 44 commodities, with a value of considerably more than $118 million. These tables reveal that 80 per cent of our total exports to Japan in 1939 were metals, valued at $18,166,000, and that the value of our 1953 exports of metals to that country was $20,882,000. This increase in dollar value of metal exports is particularly interesting in the light of the severe criticism that was levelled at Canada in 1939 for shipping metals to Japan.

I emphasize, honourable senators, that we must not lose sight of the fact that there has been an inflationary trend in Japan as well as in Canada. The statement has been made that if you take the wholesale figure for Japan in 1937 as 100, it is today 27,000. A story told me by a friend who, as a member of the United States navy, was on duty in Japan just prior to the departure of Chiang Kai-shek from China, illustrates quite well the dangers of runaway inflation. My friend

and another gentleman were invited by a prominent Chinese businessman to dinner at one of the finest hotels in China, and at the conclusion of the meal the businessman remarked that over a number of years he had paid into a company as insurance for his son's education in the United States a total of $4,500, and that very morning he had received a cheque refunding the full amount. He showed them the cheque for $4,500. Alongside it he placed the check for the dinner—which amounted to $5,200.

When we talk about our imports from oriental countries, it is necessary that we know something of the true monetary value of the goods we are receiving.

It is perhaps only natural that people in certain provinces should oppose this treaty with Japan. I do not want to be accused of kicking about industries in Ontario and Quebec, but it seems strange to me that there is always an outcry from them against the entry into Canada of any goods which might be in any way competitive with goods manufactured within these provinces. Frankly, I do not know how we can solve this trade problem, yet satisfy and protect everybody. It is all very well to say "Shut everything out." I well remember the kind of doctrine that was preached by many people in the years 1930 to 1935, that if we manufactured everything we used in Canada employment would increase. But it did not work out that way; indeed, the more that that policy was pursued, the less employment there was.

There has been a cry from the central provinces—and particularly Ontario—against the entry of Japanese goods into Canada. I have looked over the list of imports from Japan—it is not a formidable list—and I cannot see how it will seriously affect such an industry as textiles. No undue amount of money is being spent by Canadians in the purchase of textiles from Japan. Those people who cry out against Japanese goods make the same protest against the entry of goods from almost any country, even from the United States.

If I may point to what I think is wrong with our affairs today, it is that the housewives of this country are paying too much for what they have to buy, and that the high cost is not entirely the result of high wages. I say without fear of successful contradiction that most articles bought for the home in Canada could be bought cheaper across the line. You ask me why that is so. Well, I will be criticized for saying so, but I believe it is because many Canadian merchants are taking too much profit. This is a prosperous country; we have only to look at the bank balances to realize how prosperous we really are. Look also at the way stocks are going up in value, and at the same time listen to the cry of perdition that goes up from a lot of people who are exceedingly well off. People of that type will not like what I have to say, but I speak, I hope, for the ordinary citizen of Canada. When I hear talk against our helping Japan and other countries through the Colombo plan to enjoy some of the good things God has given us, I sometimes wonder whether our selfishness will allow us to do all we should do. As I say, we have strong protests from certain interests against this very treaty. For instance, the Canadian Manufacturers' Association has gone so far as to say to the government, "If you allow Japanese goods to come into this country, you must have them stamped with the name of the country of origin." Let me point out that that doctrine is a two-edged sword. At one time the United States required that all goods imported from Canada, such as lumber and canned fish, had to be stamped "Canada". Anyone who is familiar with conditions in the United States knows that in that country there are some people who adopt a policy that they will not use or buy an article made in Canada or any other outside country—people, for instance, so nationalistically minded that they will not use lumber that is stamped "Product of Canada". I may say that I warned against stamping the name of the country of origin on every article that is exported, because it tends to raise a nationalistic feeling against the country that exports the goods.

I noted with some interest the presence of the saving clauses in the treaty, but I say quite frankly that I am not too sanguine about saving clauses generally. Let me ask how many senators realise that the agreement known as GATT, entered into by representatives of Canada, has never been approved by parliament. I was amazed to learn this from a statement made in the House of Commons the other day by the Right Honourable C. D. Howe. It was my impression that when our trade emissaries and commissioners enter into an agreement of this nature on behalf of the government it is brought before parliament and we have an opportunity to examine it. Well, as far as that particular agreement is concerned, we have had no chance to see it. I mention this because that agreement, like this one with Japan, contains a saving clause which was inserted with the idea of protecting certain industries. But, honourable senators, when complaints are made against a saving clause there are many reasons and excuses advanced why such a clause cannot be invoked. That is why I say that I am not too sanguine about saving clauses in treaties.

I do not intend to review the exports and imports that will receive preferential treatment under this agreement. All that information has been placed on the record by the honourable senator from Rougemont (Hon. Mr. Beauregard). I may be wrong, but I do not think that the toys, pottery, chinaware and so forth that we will import from Japan will greatly affect our industries. True there are industries in this country engaged in the manufacture of pottery, but I think a comparison would indicate that their product is not of the kind that will come in from Japan. Our stores carry special cups and saucers and ornamental chinaware made in Japan. In this connection I think there should be competition in prices between the products of the two countries, but up to the present time the prices seem to be about the same. If our merchants can buy these classes of goods cheaply in Japan, why is the advantage not passed on to the Canadian public? And we should remember that it is not the housewives who are complaining about the importation of oranges, chinaware and other articles of that kind. It must be that the complaints are emanating from those who have money invested in business and are afraid they are going to lose a lot of trade or profits.

The sale of wheat and barley to Japan is all to the good, especially when we consider that in Canada we are eating less wheat than we formerly did. I was surprised to learn the other day that the consumption of wheat and flour in Canada had dropped during the past ten years from 4½ bushels *per capita* to 3½ bushels. Of course, we have all kinds of food in this country and we can afford to be discriminating. Somehow or other the story has got around that people are eating too much bread, and so a great many people are turning to brown bread, which is supposed to be made out of the whole wheat grain. I may say in passing that some of this brown bread is not whole wheat bread at all, but nothing more than white bread dyed brown. That is the sort of thing that is being put over on the public. I would say that you might as well eat white bread as this dyed bread.

I would like to see Japan given an opportunity to make a comeback. We must, at least, trust her. The war is over and she was defeated. But she is going to rise again, and perhaps quickly. Did honourable senators note in the press the other day that Japan is already competing for trans-Pacific air passenger traffic? She is using modern planes.

There is a cry in Japan which will not down, that she was defeated because her military might was not strong enough. I trust, however, that she will not make the same mistake again. We should deal with these people and endeavour to lead them along the right path to peace, treating them as equals. I am one of those who believe that we use the word communism far too lightly. There may come a time in the history of the world when we may have to pay a price for the treatment that the Chinese and other Asiatic nationalities received in days gone by from very greedy traders. Those people do not forget such things, so we had better have Japan on our side.

Now that Japan is on the way up I would say let us treat her fairly, let us take her goods. The idea that you can sell all your surplus goods to another country and not buy its goods in return is just about as foolish an idea as can be imagined. There is only one method of paying for the goods you sell, and that is by buying from the purchasing country the goods it has to sell.

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: So I say, honourable senators, let us give this treaty our blessing. The Japanese people are on trial. We need their good will, as they need ours, especially in view of the menace of the Soviet. Do not overlook the fact that in Japan there are Soviet representatives proclaiming that Russia is willing to trade with the Japanese. Russia, as everyone knows, is willing to sacrifice her goods to another nation so long as she can buy the good will of that nation and at the same time interfere with the plans of the western powers.

Honourable senators, for the reasons that I have given, I am in favour of the treaty that is now before us.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Turgeon, the debate was adjourned.

The Senate adjourned until Tuesday, May 25, at 3 p.m.

THE SENATE

Tuesday, May 25, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

PRIVATE BILL

CANADIAN SLOVAK LEAGUE—FIRST READING

Hon. Mr. Connolly presented Bill N-15, an Act to incorporate Canadian Slovak League.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Connolly: Thursday next.

CANADA-JAPAN AGREEMENT ON COMMERCE

APPROVAL OF RATIFICATION

The Senate resumed from Thursday, May 20, the adjourned debate on the motion of Hon. Mr. Beauregard:

That it is expedient that the Houses of Parliament approve the ratification by Canada of the Agreement on Commerce between Canada and Japan, signed at Ottawa on March 31, 1954 and that this house do approve the same.

Hon. Gray Turgeon: Honourable senators, like those who have spoken before me on the agreement for trade between Canada and Japan, I wish to express compliments to the honourable senator from Rougemont (Hon. Mr. Beauregard), who introduced and sponsored this resolution. The explanation given to the chamber by the honourable senator was sufficient in itself to enable one to thoroughly understand the objectives of the agreement, and particularly some of the difficulties that naturally will be encountered in applying it and carrying out its terms.

In dealing with a matter of this nature, there are many features to consider. In the first place, there is the whole question of trade—and, to a great extent, what we hope will be a new form of trade—between Canada and a country with which not long ago we were at war, and a country whose trade with us, in years gone by, unquestionably created a great deal of discontent in many parts of Canada, in some industries and among some employees.

As was pointed out by the honourable senator who sponsored the resolution, under our tariff the most-favoured-nation group of nations do not receive the preferential treatment accorded to the British Commonwealth group. This is something that needs to be clearly understood, and I may refer to it later in connection with some of the so-called saving clauses of the agreement before us.

I want to say a word of congratulation to the honourable senator for Inkerman (Hon. Mr. Hugessen), because, when he sponsored the resolution of approval of the peace treaty of 1951 between Canada and Japan, he in large measure opened the way for a debate on this motion to ratify a trade agreement between the two countries. I take the liberty of bringing to the attention of honourable senators his speech of March 28, 1952; and if I make a few quotations I do so not merely for the purpose of praising the honourable senator, but to bring clearly the attention of the house to the fact that the present agreement, though naturally it will be subject to some opposition in the country, has its foundation in the treaty of peace with Japan. This fact is evident from the lucid speech which the honourable senator from Inkerman delivered two years ago last March, long before any agreement on trade with Japan was negotiated. He then quoted from the preamble of the treaty of peace:

Whereas Japan for its part declares its intention to apply for membership in the United Nations and in all circumstances to conform to the principles of the Charter of the United Nations; to strive to realize the objectives of the Universal Declaration of Human Rights; to seek to create within Japan conditions of stability and well-being as defined in articles 55 and 56 of the Charter of the United Nations and already initiated by post-surrender Japanese legislation; and in public and private trade and commerce to conform to internationally accepted fair practices.

There, at the time of the ratification of that treaty, we find an indication that Japan was ready, first, to admit that her practices in days gone by had not been fair, and second, to assure other nations that she was ready to conform to fair practices. There are several references to the same matter which I might quote from the honourable senator's speech on that occasion, but I shall not do so at the moment.

However, I wish to refer to another statement made in this chamber during the debate on the resolution of approval of the Japanese peace treaty. At that time the honourable senior senator from Ottawa (Hon. Mr. Lambert) made this comment:

It is a commonplace to speak of mankind as now standing at the cross-roads of history. My view in connection with this Japanese treaty is that the cross-roads of history were reached thirty years ago, in 1922, when Great Britain, in conjunction with the United States, decided to change the orientation of policy from an Anglo-Japanese

to an Anglo-American alliance. Today we see one of the logical consequences and conclusions of that arrangement. We stand on the threshold of some great realignment of forces, and it remains to be seen whether Japan is to be permanently included as a party to that great alliance of thirty years ago.

The three speeches to which I have made reference bring vividly to mind the fact that Canada is now negotiating with Japan, a former enemy country, what may prove to be an extraordinarily good trade arrangement. It has been stated in the press lately that a group of Japanese businessmen are opening up a pulp plant in Alaska. Although some American capital is being invested, this new venture is being largely financed by Japanese funds. Thus it can be seen that we are being asked to ratify a trade agreement with a country that is embarking upon a new phase of world association.

Honourable senators, in dealing with the agreement now before the house I should like to refer briefly to the Atlantic Charter, which was signed on August 14, 1941, by the late President of the United States, Franklin Delano Roosevelt, and the still very active Prime Minister of Great Britain, Sir Winston Churchill. The fourth principle embodied in that Charter reads as follows:

They will endeavour, with due respect for their existing obligations, to further the enjoyment by all states, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity.

Many countries, including the Soviet Union, were signatories to resolutions approving the Atlantic Charter, but not many countries have yet taken the slightest step towards carrying out the principle which I have just quoted.

I have before me a copy of the Agreement on Commerce between Canada and Japan, and the letters that passed between Mr. Pearson, Secretary of State for External Affairs, and the Ambassador of Japan. In one of these letters Mr. Pearson sets out a saving clause. This saving clause is designed, and properly so, in my opinion, to help some of our manufacturing industries. It says:

If, as a result of unforeseen developments and of the effect of the obligations incurred by Canada under the aforesaid agreement, any product is being imported into its territory in such increased quantities and under such conditions as to cause or threaten serious injury to the domestic producers in its territory of like or directly competitive products, Canada will be free, in respct of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to establish values for ordinary and special duty purposes.

I know some people do not agree with that saving clause, but I would like to point out that there is another one. Perhaps my honourable friend from Blaine Lake (Hon. Mr. Horner) will agree with me that it is a very important clause. We all know that among the products that Japan is to import under this agreement are many articles of primary production, like wheat, barley, minerals and wood pulp. Under this second saving clause, Japan pledges herself not to interfere with nine certain products—some of which I have mentioned—even if she is in financial difficulties because of a so-called balance of payments. My honourable friend from Inkerman (Hon. Mr. Hugessen) will remember that one article in the peace treaty—I will not take time to read it—gives to Japan, in the event of certain trade relations developing later on, the right to take discriminatory action, to some extent, toward the country with which she is trading, if she is forced to do so because of currency problems. Yet, under this agreement Japan irrevocably agrees to abandon the right to take any action against Canada, when trading with her, under normal circumstances, with respect to those nine important products. As to wheat, for example, which is one of the nine products, this means that she could not say, "We have to stop trading in wheat with you because we are in a better position to buy wheat from non-dollar countries."

There is no doubt that balance of payments, or currency evaluation, is one of the greatest economic problems in the world, and that until it is solved the world situation will never be properly settled.

I wish to pay tribute to the Right Honourable C. D. Howe, Minister of Trade and Commerce, and the Honourable L. B. Pearson, Secretary of State for External Affairs, for the preparation of this agreement and its acceptance by Japan; because in addition to helping to build up our trade and providing us with another export market, it brings into operation a principle with respect to the so-called balance of payments or currency evaluation. Success in this field would help to lay a foundation for similar endeavours later on.

Honourable senators who have read the speeches made in the House of Commons on this trade agreement will appreciate the fear that exists in certain industries, particularly among employees, that an increase in trade with Japan will have an injurious effect on our own industries. Those most directly affected in this respect are the textile and the machine tool industries.

That brings us back to the question of foreign markets. Canada must realize that she has almost, if not entirely, reached the

point where her production is largely dependent on the finding of export markets. As one who now lives in British Columbia, and formerly lived in New Brunswick, I have in mind the problems of the lumber industry, for which our domestic markets are so meagre that whenever there is the slightest danger of losing even a portion of our export markets the producers are almost thrown into a panic.

We must correct this situation, and in my opinion the best way to do so is by increasing our population. It is my sincere hope that the population of Canada will continue to increase for some years to come as it has in late years. Honourable senators may have read a recent news item to the effect that one out of every fifteen people in Canada today came here since the close of the war in 1945. We all know of the extensive economic development that has taken place in Canada during the last decade, and we also know that the only threat to the continuation of that development and an expanding economy is our lack of foreign markets and the meagre domestic markets for our products. So we must do all we can to increase our own population, taking proper care of seasonal unemployment and fluctuations in the demand for labour as they occur. If we do this our consumption of both primary and secondary products will increase and become a strong feature of our trade and commerce.

I am not sure that it is possible for parliament to give helpful study to the problem of the ever-increasing cost of production; nevertheless, I have a suggestion to make, not for immediate action but for consideration. In making this suggestion I have in mind in particular the splendid work done by two committees of the Senate. One was the special committee under the chairmanship of the honourable senator from Waterloo (Hon. Mr. Euler), which in 1945 and 1946 made a thorough study of and reported on all matters affecting income tax and the excess profits tax in Canada. It took a couple of years to complete that work and a couple of years to have the recommendations contained in the committee's report carried out. The work of that committee resulted in a great deal of good, and has been of benefit ever since in every part of Canada and in every walk of Canadian life. The other committee to which I refer is the Standing Committee on Natural Resources. As one who represents what is to a large extent a gold-producing section of Canada, I often think of the fine work done by this committee about nine years ago. It made a positive study of the gold mining situation in Canada, and its chairman, the late Senator Donnelly, brought in a report which not only was extremely helpful, but actually formed the basis of the Emergency Gold Mining Assistance Act, of 1948, which is still in force and has helped very materially in keeping the gold mining industry producing.

These are two examples of what has been accomplished by committees of the Senate set up for the specific purpose of studying and making a report upon specific matters. And I am now merely suggesting that honourable senators consider whether perhaps next session the Senate might set up a committee—it is too late to set up one this session—to study the whole question of the cost of production in Canada, so that we may know whether we can effectively meet competition in foreign markets, and also in our domestic market. That brings me back to the saving clause concerned with the cost of production of goods which Canada will buy from Japan. I know, as I said previously, that many people think that this is playing to the secondary industries, but in my mind it is not so. This is why I referred to the admission Japan made years ago when signing the peace treaty, to the effect that she had been unfair in her trade tactics previous to the war. And I might add here that if Japan was unfair, other countries were unfair also.

However, I am not concerned with the unfairness aspect at the moment, but with the possibility of making a study of the causes of the increasing cost of production in Canada. We are told on many sides that high wages are the sole cause of the high cost of production. I do not agree with that statement. I will admit that they are a part of the higher cost of production, but every item that has increased in cost and that is used in manufacturing or production is also a part of the increased cost of the finished article. As honourable senators know, we are in danger of excessive imports from the United States, and it is a well-known fact that wages paid in the United States are higher and, in some cases, considerably higher than those paid in Canada. It seems to me, therefore, that we cannot say the rate of wages is the sole cause of Canada's disadvantageous position in import and export trade. I am hoping that before very long parliament, either through a committee of the Senate or of both houses, will be able to bring in some report that can be followed by the government for the purpose of aiding industrial production, a report also that will give us information enabling us to compete favourably in the Canadian and foreign markets.

Negotiations for the present trade agreement were conducted with Japan during 1953. In the 1953 report of the Department of External Affairs, at page 25, there is an article headed "Economic Relations with Japan", which states:

> During the year, negotiations were held with Japan for the exchange of most-favoured-nation treatment on trade matters. These discussions followed from the postwar development of trade between the two countries and from the coming into force of the Treaty of Peace with Japan, article 12 of which envisages the reciprocal extention of most-favoured-nation treatment by Japan and the other signatory governments. The negotiations have given particular attention to the need for adequate safeguards against serious injury to domestic producers, and to assurances of equitable treatment of Canadian exports by Japan, having in mind Japan's current balance of payments difficulties. The various proposals have also been examined in relation to the provisions of the General Agreement which might become applicable to the commercial relations of Canada with Japan after a bilateral agreement has been signed and ratified.

The honourable senator who moved the resolution (Hon. Mr. Beauregard) told us the duration of this agreement is one year, and after that it may be terminated on three months' notice by either party. While I can see some possible disadvantages in the agreement, I am hopeful that it will be carried out, for I am sure that it will be of great benefit both to primary producers and industrial producers. I know there is considerable fear on the part of some employees and also of some producers that the saving clauses with respect to Japan will never be carried out. I mentioned a while ago that there is a difference between the most-favoured-nation type of agreement such as we are now entering into with Japan and the agreement among the various nations of the British Commonwealth, which no one will deny is the most highly respected trade treaty that Canada has entered into. Yet we find that because of the loss of markets by a Canadian industry, the textile industry, the Tariff Board has been instructed to make an inquiry into the operation of the British preferential tariff with respect to the injury suffered by the industry.

Honourable senators, I personally hope that this trade with Japan will be of great benefit to both countries.

Some Hon. Senators: Hear, hear.

Hon. W. D. Euler: Honourable senators, the debate on the resolution has been quite brief and I see no great purpose in prolonging it, but I want to make just a few observations. There has been no opposition to the resolution, I find, in either the House of Commons or the Senate. Opposition would not be expected, in view of the fact that we have been selling to Japan about eight times more than we have been buying from her, which fact poses a problem. One of the worst possibilities of a continuation of that practice, it seems to me, is that we might just throw Japan into the arms of those countries which are definitely opposed to us and which we regard today as our potential and perhaps actual enemies. I think that in granting a most-favoured-nation status to Japan we are doing the right thing, and this, not only because she needs the help so extended to her—no doubt she does—but because this step is in our own interests. It is another illustration of the old principle that, as between countries, you cannot sell unless you buy. This, in turn, raises the question of the tariff. I know that the opinion is held by some people—among them, a few whom I am looking at—that I am a supporter of high tariffs, a high protectionist. That assumption is quite unfair. I have never been a high tariff man. The position I took in this regard in another place—no, in the House of Commons—

Some Hon. Senators: Oh, oh.

Hon. Mr. Euler: —was that surely if some other countries erected a high tariff wall against us, our own people should receive some preference in our own market. That is about as far as I ever went.

I was a little interested when my weary friend across the way, the Leader of the Opposition (Hon. Mr. Haig), said the other day that no longer is the tariff an issue in this country. I was glad to hear him say so, and I almost rose to my feet to ask him whether he was making an official pronouncement on behalf of his party. At any rate I hope that such is the fact. Generally speaking, the erection of tariff barriers between various countries is wrong, because the only effect is to restrict trade, and the greater the volume of international trade the better for all the countries concerned.

As for the agreement now before us, a little opposition may be expected from certain quarters. Manufacturers engaged in the production of textiles and some other products fear the effect of Japanese competition on their businesses. To some extent their fears may be well founded. I agree with the senator who has just spoken, however, that the difficulties from which they suffer are not due entirely to high costs of labour. It must be remembered that the working populations of two of our late enemies, namely, Japan and Western Germany, are a little more ready to put in a full day's labour than are we in this country, and that is one factor in their success. Another circumstance which works in their favour is that states which were

losers in the recent war are not burdened with the heavy taxation which has fallen upon their opponents.

My friends have spoken of the saving clause. Well, I hope resort will not be made too frequently to that device. Personally I have not too great a confidence in its efficacy, nor, if it is used, that it will be used fairly. In saying that I am thinking of a case in which another country took unfair advantage of the saving clause in respect of an agreement under what is generally known as GATT—the General Agreement on Tariffs and Trade.

The only economic remedy for countries whose peoples are in the position of Japan and China—I shall not include Germany, because she is recovering rapidly—is the raising of their standards of living. Nobody wants to see the standard of living in Canada reduced. We sometimes find fault with the extent to which labour goes in its demands, but we have no desire to see our standards fall. The long-range, though ultimate, remedy, I think we must understand, is that the standards of living in Japan, China, India and other low-wage countries shall be raised, and it is for us to do what we can to help them in that direction.

In conclusion, I think the agreement is a good one. It can be terminated in one year. Or we can employ the saving clause, which, as I have said, I do not regard as of any great value. The trouble is that if it is invoked it is likely to be used too much, and in that event one might just as well not have an agreement at all.

Some Hon. Senators: Hear, hear.

(Translation):

Hon. Elie Beauregard: Honourable senators . .

(Text):

The Hon. the Speaker: May I draw the attention of honourable senators to the fact that if the honourable senator from Rougemont (Hon. Mr. Beauregard) speaks at this time, he will close the debate.

(Translation):

Hon. Elie Beauregard: Honourable senators, I have only a few words to add in concluding this interesting debate.

From the substance of the Canada-Japan treaty, as well as from the remarks to which it has given rise in both houses, certain facts stand out which I believe are worth underlining.

The first one, which I will barely mention, has to do with competition. The opening up of foreign markets intensifies competition at home as well as abroad. How can the standard of living which we value and production at competitive prices be reconciled? I have no suggestion to offer, but in my opinion our Canadian economy has no more important, no more pressing, and perhaps even no more difficult problem to solve at the present time.

The second fact which strikes me is that this commercial agreement which we have just considered is not only a commercial agreement; it is also a gesture of good will.

Some Hon. Senators, Hear, hear!

Hon. Mr. Beauregard: In this respect, the role of Canada is far from unimportant. Its actions could hardly be attributed to imperialism—or rather, as it is now called, to colonialism. For many years, the white races quarrelled to their hearts' content among themselves over control of the Western world, without admitting into the dispute any men of a colour considered to be of secondary importance.

Because of their military strength, the Westerners have time and again attempted to impose their culture and civilization upon the Asiatic people without having beforehand sufficiently studied or understood them. On the occasion of two great wars, the coloured people have been quicker to absorb technical and scientific knowledge than courses on religion and western civilization. To-day, under the leadership of officers and economists, of engineers and lawyers trained in great universities of Europe and America, they are inclined to welcome, with weapon in hand, those who seek alliance or friendship with them, because they, in turn, have failed to study or understand sufficiently the Western world.

The Prime Minister's good will tour was a gesture well fitted to dissipate some of this misunderstanding. Parliament is making another such gesture in approving this resolution.

(Text):

The motion of Hon. Mr. Beauregard was agreed to.

DEPARTMENT OF TRANSPORT BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 443, an Act to amend the Department of Transport Act.

He said: As honourable senators know, the Emergency Powers Act will expire at the end of the present month. The bill before the house authorizes the Governor in Council to make regulations such as were passed under that act to ensure that the movement by rail and water of certain bulk commoditiees would be made in an efficient and orderly manner. The goods are defined on page 2

of the bill, in subsection (2) of the new section 6A of the Department of Transport Act, as follows:

In this section "goods in bulk" includes
(a) grain and grain products,
(b) ores and minerals (crude, screened, sized, refined or concentrated, but not otherwise processed),
(c) ferrous metals,
(d) iron and steel scrap,
(e) sand, stone and gravel,
(f) pulpwood, woodpulp, poles and logs,
(g) coal and coke, and
(h) sulphur and phosphate.

The purpose of the bill is to enable the Transport Controller to supervise or direct the movement of these goods. Perhaps this can be made clearer by an illustration. Let us suppose that there were a great deal of grain in one part of the country. Under the bill, the Transport Controller could direct freight cars to that section of the country in order to move the grain; he could direct ships to carry grain from one part of the country to another, and on their return trips to carry ore to some other part of Canada where it may be needed. The Transport Controller also could control shipping on coastal waters. For example, if there were a necessity to move coal from the Maritimes to Ontario, he could control the movement under this legislation. These powers are given to the Transport Controller for a period of two years only.

I feel sure honourable senators will agree with me that the power to make such regulations as these which were passed under the Emergency Powers Act should continue to be authorized at this time in legislative form, as proposed in the bill.

Hon. John T. Haig: Honourable senators, I have no objection to the bill. May I say that I have the great pleasure of knowing the Transport Controller. There is only one fault that I have ever been able to find with him. It seems that when he lived in the city of Winnipeg he never voted for me. However, his brother did, so that more or less made things right.

Hon. Mr. Stambaugh: Does the honourable senator know that the Transport Controller moved to Winnipeg from Alberta.

Hon. Mr. Haig: That is not so; he moved from Winnpeg to Alberta. Orginally he came from Ontario. His father and mother were born in Ontario and he came to Manitoba. As a matter of fact, at one time he lived on the corner of Balmoral and Spence streets in Winnipeg. His brother, the one who always voted for me, was a student in my office.

Hon. Mr. Euler: How could he help voting for you? There was coercion there.

Hon. Mr. Haig: I have never heard any complaints from businessmen in Manitoba as to the way the Transport Controller has handled freight cars in the carriage of grain, although once in a while the press in Saskatchewan has some criticism to make. The Transport Controller was born on a farm, and he knows farming and its difficult problems. As long as I can remember there was always a struggle among the farmers in the village of Alexander, in the prairie section of Manitoba, as to who could get their grain in the railway cars first. The farmers always had to sign books in the station house, and so on. Even so, some of them were accused of signing the books ahead of time.

Honourable senators, while I do not like this type of legislation I know of no one who could administer it better than the present Transport Controller. I read the other day that he suggested that anybody who wanted his job would be welcome to it. I do not blame him a bit for that attitude. As a Manitoban, I would dislike very much to see him give up his present position until our grain situation is relieved and there is an ordinary flow of grain traffic to the market. I do not know how long it will take to bring about such a condition, but I do know that we need this legislation if we are going to have any order in the transporting of grain out of the Prairie Provinces.

Hon. Mr. Reid: May I ask a question of the honourable Leader of the Senate (Hon. Mr. Macdonald)? I observe from page 2 of the bill that if this legislation passes it will not expire until May 31, 1956. It is all very well to illustrate by showing what might happen in the case of grain, but there are many other commodities listed here. Despite the provision that the legislation shall expire in May, 1956, is it intended to give it any permanency? The former regulations were made under the Emergency Powers Act, and I doubt if many honourable senators have known what powers the Transport Controller has had. We should be told whether or not this legislation is intended to be permanent, and I hope the bill goes to committee so that we can find out about this.

Hon. Mr. Macdonald: Perhaps I can answer the honourable senator's question now. I can assure him that this bill will expire within two years; the powers it confers cannot be exercised by the Transport Controller beyond that time. Of course, I cannot predict what will happen two years from now.

Hon. Mr. Haig: Honourable senators, may I have permission of the house to speak? I do not intend to debate this bill. The

Foreign Exchange Control Bill, as it came to us from the House of Commons, set no time limit to the legislation, but the Senate committee to which it was referred asked that the act be limited to two years or three years. The present Minister of Finance, who was Acting Minister at the time, said that as far as he was concerned he would agree to that. I asked him if that would be binding upon the government, and he said he did not know but would find out. Two days later he came back, stating it would be binding upon the government, so the Senate committee put that limitation in the bill, and I think the act was renewed twice afterwards. If an emergency were to arise I would be the first to vote for extension of the measure now before us for another two years. As I stated when discussing the bill, I do not like this kind of legislation, but under the circumstances I think it is all that can be done to control transport of the commodities mentioned.

Hon. Mr. Reid: Sand and stone, woodpulp and various other commodities are included in the definition of "goods in bulk".

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

NAVIGABLE WATERS PROTECTION BILL

FIRST READING

Hon. Mr. Macdonald presented Bill O-15, an Act to amend the Navigable Waters Protection Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave of the Senate, next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 26, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

THE ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received a communication from the Secretary to the Governor General acquainting him that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber on Thursday, May 27, at 9.45 p.m., for the purpose of giving the Royal Assent to certain bills.

SENATE ACCOUNTS

TABLED—REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that, in conformity with Rule 103, the Clerk has laid on the table the accounts and vouchers of the Senate for the fiscal year ending March 31, 1954. When shall these be taken into consideration?

Hon. Mr. Paterson: I move, with leave of the Senate, that these accounts and vouchers be referred to the Standing Committee on Internal Economy and Contingent Accounts.

The motion was agreed to.

PUBLIC SERVANTS INVENTIONS BILL

FIRST READING

A message was received from the House of Commons with Bill 444, an Act respecting inventions by public servants.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

RADIO BILL

FIRST READING

A message was received from the House of Commons with Bill 446, an Act to amend the Radio Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a second time?

Hon. Mr. Macdonald: With leave, next sitting.

DEPARTMENT OF TRANSPORT BILL

THIRD READING

Hon. Mr. Macdonald moved the third reading of Bill 443, an Act to amend the Department of Transport Act.

The motion was agreed to, and the bill was read the third time, and passed.

VOCATIONAL TRAINING CO-ORDINATION BILL

SECOND READING

Hon. Thomas Reid moved the second reading of Bill 326, an Act to amend the Vocational Training Co-ordination Act.

He said: Honourable senators, before outlining the various amendments proposed in the bill, I intend to give the house some information about the act itself. A foundation for what has been accomplished under the act was laid in the period from 1930 to 1935. In 1939 a program of youth training was inaugurated. During the war years, from 1940 to 1944, 360,000 members of the army, air force and navy were trained for industry. The present Vocational Training Co-ordination Act was first enacted in the year 1942. It was designed to provide legislative authority for the carrying out of various forms of training in connection with the prosecution of the war. It was designed to provide for training of discharged members of the forces, and for such forms of vocational training or assistance for vocational training foreseen as being desirable in the post-war period.

The act provides that all training may be undertaken by provincial authorities, under agreements between the federal and provincial governments providing for financial assistance by the federal government.

There has been established under the act a Vocational Training Advisory Council, which includes representatives of the provinces, employers, organized labour and other interested groups. The work of this council has been of great assistance in the administration of the act.

It is now proposed to revise the wording of certain provisions of the act in the light of present day training requirements. These differ in some respects from those which existed at the time the act was passed. The changes have been discussed with provincial

authorities, and the Advisory Council has expressed the desirability of changes in the act and in the training program.

I think it will be of interest to honourable senators to have some information regarding the nature and scope of the training activities now being carried on under the Vocational Training Co-Ordination Act.

Training programs are conducted under the provisions of four federal-provincial agreements, namely: the Vocational Training Agreement, the Vocational Schools' Assistance Agreement, the Apprenticeship Agreement, and the Correspondence Courses Agreement.

Under the provisions of the Vocational Training Agreement, the federal government co-operates with the provinces in the following types of programs:

(a) training of former members of Her Majesty's Forces who are approved for such training by the Department of Veterans Affairs; to the cost of which the federal government contributes 100 per cent;

(b) training for unemployed workers referred by the National Employment Service, and for whom such training is required to fit them for suitable employment; to which the federal government and the provincial government contribute an equal amount of 50 per cent;

(c) trades training for members of the armed forces and the provision of civilian instructors for schools operated by the armed forces; to which the federal government contributes 100 per cent;

(d) training of skilled and semi-skilled workers for defence production; to which the federal government contributes 75 per cent, and the provincial government 25 per cent;

(e) training of foremen and supervisors in industrial establishments; to which the federal and provincial government contribute 50 per cent equally;

(f) training for young people from rural communities who are not served by the existing school systems; to which the federal and provincial authorities each contribute 50 per cent;

(g) financial aid to needy worthy university students and to nurses in training; to which the federal and provincial authorities each contribute 50 per cent.

Under the terms of the Vocational Schools' Assistance Agreement financial aid is provided to the provinces for the construction, equipment, and operation of technical, vocational and trade schools of less than university grade.

Under the provisions of the Apprenticeship Agreement, training is provided in full-time and part-time classes for apprentices registered with Departments of Labour under the provisions of provincial apprenticeship acts.

Under the provisions of the Correspondence Courses Agreement, the federal government shares with the provincial governments in the cost of the preparation of vocational correspondence courses, which are made available under the same terms and conditions to students in all parts of Canada.

For these purposes a total of $85 million was expended during the period 1937 to 1953.

I now come to the amendments provided by the bill. May I say at the outset that as I believe further information beyond my explanation will be required, I would suggest that upon being given second reading the bill be referred to the Standing Committee on Immigration and Labour.

Paragraph (a) of subsection 1 of section 1 of the bill would amend section 3 of the act by substituting the words "defence of Canada" for the words "efficient prosecution of the war". This change is necessary because the purpose of the present act was to provide training only in connection with the prosecution of the war.

Paragraph (b) of the same subsection would substitute the words "Veterans Affairs" for the words "National Health and Welfare". When this bill becomes law, it is intended that it shall be administered by the Honourable the Minister of Veterans Affairs.

The present paragraph (e) of subsection 1 of section 4 of the act reads:

> 4. (1) The Minister may, with the approval of the Governor in Council, enter into an agreement covering any period with any province to provide financial assistance for
>
> (e) the development and carrying on after the present war of vocational training on a level equivalent to secondary school level.

The words "after the present war" are being struck out of that paragraph, and the following two new paragraphs are being added to authorize agreements with the provinces with respect to additional classes of training:

> (f) any training project for the purpose of rehabilitating disabled persons or fitting them for gainful employment; and
>
> (g) any training project to increase the skill or efficiency of persons engaged in agriculture, forestry, mining, fishing or in any other primary industry in Canada, or in homemaking.

Section 3 of the bill would increase the number of members on the council from sixteen to not more than twenty. If any honourable senators would like to know who comprise the present council, I have a list of the names before me. At present only eight provinces are represented on the

council, and the increase in membership would permit all provinces to be represented.

There is one other amendment that perhaps should be mentioned. At present the department's annual report on operations and expenditures under the act must be prepared within 60 days after the termination of each fiscal year, but the last section of the bill extends the time limit to 120 days. The provision for the tabling of the report in parliament remains unchanged: it has to be tabled as soon as prepared, if parliament is then sitting, or otherwise within fifteen days after parliament convenes.

Honourable senators, that briefly explains the bill. If it is given second reading I will then move that it be referred to the Standing Committee on Immigration and Labour, with the suggestion that full opportunity should be taken by honourable senators to inquire into all phases of this matter; because, considering the amount of money that has been spent and the training that has been given—training in which nearly all the provinces are interested—it is well worth the time of honourable senators to attend and hear the explanations by the minister or his departmental officials.

Some Hon. Senators: Hear, hear.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Reid, the bill was referred to the Standing Committee on Immigration and Labour.

CRIMINAL CODE BILL

MEETING OF COMMITTEE

On the order for the second reading of Bill O-15, an Act to amend the Navigable Waters Protection Act:

Hon. Mr. Macdonald: Honourable senators, as the Banking and Commerce committee is to sit as soon as the Senate rises this afternoon to resume consideration of the Criminal Code Bill, I would suggest that we do not proceed with this order for the second reading of Bill O-15 at the present time but that the house should adjourn now.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 27, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

BANK BILL

FIRST READING

A message was received from the House of Commons with Bill 338, an Act respecting banks and banking.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Hayden: Next Wednesday.

RESEARCH COUNCIL BILL

FIRST READING

A message was received from the House of Commons with Bill 375, an Act to amend the Research Council Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

CANADIAN NATIONAL RAILWAYS BILL

CONSTRUCTION OF LINES IN QUEBEC AND ONTARIO—FIRST READING

A message was received from the House of Commons with Bill 442, an Act respecting the construction of lines of railway by Canadian National Railway Company from St. Felicien to Chibougamau and from Chibougamau to Beattyville, all in the province of Quebec, and from Hillsport on the main line of the Canadian National Railways to Manitouwadge Lake, both in the province of Ontario.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Bouffard: Next Thursday.

ADJOURNMENT

On the Orders of the Day:

Hon. Mr. Macdonald: Honourable senators, I move that when this house rises tonight, after the Royal Assent has been given to certain bills, it stand adjourned until Tuesday afternoon next at 3 o'clock.

The motion was agreed to.

PRIVATE BILL

CANADIAN SLOVAK LEAGUE—SECOND READING

Hon. John J. Connolly moved the second reading of Bill N-15, an Act to incorporate Canadian Slovak League.

He said: Honourable senators, the Canadian Slovak League was founded in Winnipeg in December, 1932. It secured letters patent from the Secretary of State of Canada in April, 1934, and acquired the usual corporate powers than an organization of this kind would be granted.

The Canadian Slovak League is both a social and a cultural organization, with aims, as expressed in its letters patent, "to educate the Slovak people living in the Dominion of Canada; to assist and encourage them to become loyal citizens of Canada and to uplift them morally, economically, socially and culturally." I am informed that there are some 57 adult branches from New Waterford, Nova Scotia, on the east coast, to Vancouver, British Columbia, on the west coast. In addition, the organization has 31 junior branches. It has a total membership of approximately 3,800 adults and 700 juniors. Many of the branches have real estate and other assets, which they administer themselves; and the central branch has substantial assets in the way of cash and investments.

I am informed by the Counsel to the Senate that the present bill corresponds to similar bills which the Senate has already passed. The bill provides that the head office of the League shall be at Fort William, and that the organization shall be a fraternal benefit society, with objects as specified in section 4 of the bill.

Perhaps I should particularly point out that under the provisions of subsection 2 of section 4, the society could establish and administer a mortuary insurance fund, a personal accident and sickness insurance fund, and a juvenile insurance fund. It is because it proposes to exercise these special powers that the society is required, under provisions of the Companies Act, to apply to parliament for a charter, as it is now doing. In other words, the powers to carry out these forms of insurance cannot be acquired by letters patent.

The proposals which the bill contains on membership, management, directors and by-laws have satisfied the Superintendent of Insurance. I am informed that until the

actual by-laws are approved by the Superintendent of Insurance the company cannot engage in business.

The Superintendent has also approved the provisions of the bill with reference to the maintenance of a general fund and such allied matters as premiums, assessments, disposition of surplus assets, acquisition of real estate and other matters which pertain to the administration of such a society.

I am further informed by the Superintendent of Insurance, that he has been supplied with an actuarial report as to the financial condition of the society as at December 31, 1953, and that the report is satisfactory.

I think I should also tell honourable senators that information has reached me that a rival organization may object to certain features of the bill; but I would think it appropriate that the Senate now give second reading to the bill and refer it to the Standing Committee on Miscellaneous Private Bills, where representations could be heard not only from the applicants but as well from people who oppose certain features of the bill. Therefore, if the second reading is given today, I will move afterwards that the bill be referred to that committee.

Hon. Mr. Reid: May I ask a question of my honourable friend? Under paragraph (c) of subsection 2 of section 4 of the bill the society may establish, maintain and administer:

a juvenile insurance fund for providing death or endowment benefits—

And, under paragraph (a) of that same subsection:

a mortuary insurance fund for providing death, endowment and other benefits—

It seems to me that paragraph (a) would have general application to both juveniles and adults. Why is it necessary to make specific provision for a juvenile insurance fund in paragraph (c)?

Hon. Mr. Connolly: Honourable senators, I would think that the reason why specific provision is made for a juvenile insurance fund is that there are special rules governing insurance of minors in this country; they are not the same rules which apply to insurance for adults. Perhaps the honourable senator from New Westminster (Hon. Mr. Reid) would like to put that question to the Superintendent of Insurance when the bill is before the committee, when I am sure he would receive a full answer. However, I think the answer is to be found in the reason I have just given.

Hon. Mr. Roebuck: Honourable senators, could the honourable gentleman tell us a little more about the rules governing the insurance of juveniles? For instance, is there any limit to the amount of insurance which can be placed on children? Does he know of any rules which protect children in these matters? As the honourable gentleman is aware, some gross abuses have occurred.

Hon. Mr. Connolly: Honourable senators, I have to admit that I am not familiar with details of the rules relating to insurance of juveniles. I do know the rules are most restrictive, for the protection of juveniles themselves, and, I think, of parents too. As my honourable friend says, there have been abuses in the past. It is an extremely important problem, which could be explained in committee by the Superintendent of Insurance. If the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) will ask his question in committee, I am sure a full explanation will be given.

Hon. Mr. Roebuck: Thank you.

Hon. Mr. Gershaw: Honourable senators, referring to section 4 of the bill, which sets out the objects of the society, and in particular to paragraph (b) of subsection (1), would the sponsor tell us if there is anything denominational or political in connection with the organization?

Hon. Mr. Connolly: I am not aware of any political or denominational aspect of this organization.

Hon. Mr. Roebuck: It mentions "loyalty to the free institutions of Canada".

Hon. Mr. Connolly: The material that has been supplied to me says, among other things, that the character of the league is "democratic, nationalistic and decidedly anti-communist". Beyond that I am afraid I cannot go.

Hon. Mr. Haig: Honourable senators, I do not want to speak on the bill. I just wish to say that I welcome the idea of this organization being incorporated under dominion statutes and becoming subject to the jurisdiction of the federal Department of Insurance. It is my experience that the dominion insurance laws give much greater protection than any of the provincial insurance laws do. I am not taking sides as between this organization and any other, but I do say that what is being done in this case is a real step forward and I congratulate those who are behind the sponsor of this bill upon taking this step, if for no other reason than that the League will be subject to dominion insurance laws.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Connolly, the bill was referred to the Standing Committee on Miscellaneous Private Bills.

PUBLIC SERVANTS INVENTIONS BILL

SECOND READING

Hon. F. Gordon Bradley moved the second reading of Bill 444, an Act respecting inventions by public servants.

He said: Honourable senators, the purpose of this bill is to achieve uniformity in the legislation dealing with inventions by servants of the crown. At present this subject is dealt with in four different acts: the Patent Act, the National Defence Act, the Research Council Act and the Atomic Energy Control Act. This bill will incorporate all these acts into one in an endeavour to streamline the legislation, so that no group of public servants will have any reason to feel that discrimination against any of them is being practised.

The principle of the bill is, I think, contained entirely in section 3, which sets out what inventions are to be vested in Her Majesty. The bill therefore deals with procedures to be adopted by a public servant who has made an invention which is connected in some way or another with his duties or his employment, and who wishes to patent it. Provision is also made for the enactment of regulations governing the awarding of remuneration—or "awards", as they are called —and the calculation of the amounts of such awards.

The terms "department" and "public servant" are defined in paragraphs (b) and (c) of section 2. "Department" means a department as defined in the Financial Administration Act, and includes a crown corporation named in schedule C to that act. "Public servant" means any person employed in a department, and includes a member of the Canadian Forces or the Royal Canadian Mounted Police Force, and employees of certain corporations which come under the Financial Administration Act.

The word "invention" still bears the meaning which it derived from the Patent Act.

Upon the completion of an invention, the public servant who invents it shall advise the appropriate minister of his achievement, and shall not make application for a patent of this invention without the written consent of that minister. If the minister determines that the invention is vested in Her Majesty, the inventor may, within the period limited in the bill, appeal to the Exchequer Court. He may also take this step if the minister should delay more than three months in determining the rights of Her Majesty to this particular invention. The minister is also empowered to file an application that a patent for the invention be vested in Her Majesty; and the employee is expected to execute the documents required to complete the patent. On the other hand, the appropriate minister may, on behalf of Her Majesty, waive or abandon the rights to such an invention, with certain exceptions where the matter would have to be approved by the Minister of National Defence or the Atomic Energy Control Board.

In the matter of awards, the appropriate minister may approve payment of an award to a public servant who has made an invention which is vested in Her Majesty.

There are, of course, the usual provisions for penalties for violations of the act, as well as power in the Governor in Council to make regulations for carrying out its provisions.

Honourable members may wish to avail themselves of the opportunity to discuss details of the bill in one of the standing committees, and if they so desire I shall move, after second reading, that this bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Roebuck: Do I understand that the inventions covered by the bill apply only to those made by public servants within the scope of their employment?

Hon. Mr. Bradley: Yes. That is set out in section 3 of the bill.

Hon. Mr. Roebuck: Then inventions made by public servants outside of their employment will not be vested in the crown?

Hon. Mr. Bradley: It would depend upon the character of the invention itself. If the invention can be related to the employee's work within the department it may be that it would be vested in the crown.

Hon. Mr. Roebuck: Otherwise the inventions would be treated on the same basis as those created by other citizens?

Hon. Mr. Bradley: Yes.

Hon. Mr. Hugessen: May I ask the honourable senator a question about awards under section 10? I observe that the statute is permissive. It provides that the minister may authorize the payment of an award to a public servant who makes an invention that is vested in Her Majesty by this act. Does the honourable gentleman know whether it is the custom to make awards to public servants who make use of their inventions; and, if so, on what basis are such awards made?

Hon. Mr. Bradley: I do not know that I have any pertinent information which would be of value at the moment; I knew more about this matter two years ago than I do now. However, I believe that in certain cases awards have been based on something like 5 per cent of the net return. Most of these awards will be made in the field of scientific research, where there is a natural incentive to invent, and one of the greatest awards an inventor in the public service will receive will be that of promotion in his department. I do not believe any large sums of money have yet been paid out in the way of awards.

Hon. Mr. Reid: If this legislation becomes law will the government find itself in the invention business?

Hon. Mr. Bradley: No, I would not think so. The real aim of the bill is to provide a measure of national protection. After all, a good deal of extremely important research work is done by the National Research Council and the Atomic Energy Control Board, and it is absolutely essential that the government should control their inventions. Some of these may be of such a secret character that they can never be used commercially, in which case there could be no question of making monetary awards based on profits.

Hon. Mr. Reid: In the ordinary course of events a patent is good for only a specified number of years, after which time the subject of the patent becomes available to the public. If this bill goes through will the government be able to override our ordinary patent regulations, so to speak, by holding on indefinitely to certain patent rights?

Hon. Mr. Bradley: I suppose there is always some danger when the government is vested with discretionary powers, but I take it for granted that the government would not stand in the way if there was no security reason why an invention should not be used commercially.

Hon. Mr. Lambert: I would suggest that Dr. E. W. R. Steacie, President of the National Research Council, and Dr. C. J. Mackenzie, former President of the Council and now President of the Atomic Energy Control Board, be asked to give evidence before our Standing Committee on Banking and Commerce when it is dealing with this legislation. These officials have undoubtedly been consulted in connection with this bill, and I am sure that their evidence would be most valuable.

Hon. Mr. Bradley: I am certain that these officials were consulted, and I know that a committee was working on this matter when I was Secretary of State.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Bradley, the bill was referred to the Standing Committee on Banking and Commerce.

RADIO BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 446, an Act to amend the Radio Act.

He said: As honourable senators know, the Emergency Powers Act will expire at the end of the present month. The provisions of the bill before the house were formerly contained in an order in council passed under that act. At the present time certain people in Canada who hold a radio operator's licence are not British subjects, being for the most part residents of the United States who are in Canada under a joint defence arrangement between our two countries. These people will not remain licensed if this legislation is not passed today and the Emergency Powers Act expires on May 31. It is therefore my hope that the Senate will see fit to give both second and third readings to this bill today.

As honourable senators know, it is proposed to give the Royal Assent to certain bills tonight. If this bill receives second reading this afternoon I will ask leave to move that it be referred to committee, where it could be dealt with before, say, 8 o'clock tonight. At that time the Senate could reassemble and the bill could be presented for third reading. In any event, I would not ask honourable senators to give the bill third reading this afternoon.

The purpose of the bill is set out quite fully in the explanatory notes, which I shall read:

> The purpose of this bill is to amend the Radio Act to authorize the employment of United States personnel as radio operators on United States Government radio stations in Canada.
>
> Order in Council P.C. 3484 of August 8, 1951, made under the Emergency Powers Act, authorized the Minister of Transport to grant permission to the Government of the United States to establish and operate radio stations in Canada, and to employ radio operators in connection therewith who are not British subjects. This order in council will expire on May 31, 1954.
>
> The bill would also authorize regulations permitting certain landed immigrants to be employed as radio operators in Canada.

Perhaps I should enlarge upon that last statement. At the present time a radio operator must be a British subject, and this fact has worked a hardship on certain landed immigrants who are not British subjects and

have not yet lived here for five years and so are unable to become Canadian citizens. No doubt honourable senators have observed that many taxi-cabs are equipped with radio, by means of which the drivers can communicate with their offices. A driver may obtain a special form of licence which does not permit him to operate a radio generally but does permit him to operate a radio in his taxi, and it is felt that a number of respectable immigrants, who have not yet lived in Canada for five years, should be given the right to obtain such a licence.

As I have stated, no one other than a British subject is allowed to operate a radio station in Canada. This legislation will cover three exceptions, to apply to the classes of non-British residents who may be required to serve as radio operators. I have already referred to one of these classes, landed immigrants. The second class are a group of aircraft pilots. Under the International Civil Aviation Convention and various reciprocal agreements Canada is bound to recognize for use in Canada pilot licences issued by other member states. There is no need to emphasize the necessity for pilots of planes to operate radio and maintain ground contact at all times. These pilot licences are useless without accompanying radio authority, and under this bill the pilots will be able to receive radio licences.

The third class exempted are personnel of the United States Government military and civil radio stations in Canada. Honourable members know that under our defence arrangement certain stations in Canada are operated by the United States Government, and I think we are all agreed that American citizens who operate those stations in Canada should be properly licenced. Regulations passed under the Emergency Powers Act enabled them to obtain licences, and this bill will continue their right in that respect.

There are also certain meteorological stations, operated by the United States Government, and under this bill employees of those stations would be licensed.

Then there are certain meteorological stations operated jointly by Canada and the United States. Citizens of the United States employed at those stations and operating radios would, under this bill, be granted the right to operate radio stations.

The right to operate would be given to American citizens who are in Canada under an arrangement with the Canadian government. I think honourable senators will agree that it is proper that these citizens should be given a licence to operate the stations. I believe I am right in saying that no outside country except the United States has any stations in Canada.

I hope this bill will commend itself to honourable members.

Hon. Mr. Euler: May I ask the leader a question? Does the United States Government accord a similar privilege to Canadians in the United States?

Hon. Mr. Macdonald: There has been no necessity for the United States Government to give Canadians that right, as Canada has no stations in the United States.

Hon. Mr. Roebuck: Honourable senators, I wish to express my delight at this bill—not at the bill itself, but at what it seems to imply. It will be recalled that the Emergency Powers Bill came to us for renewal on three different occasions, and each time it was given a rough ride in this chamber. The honourable Leader of the Opposition (Hon. Mr. Haig) had some caustic things to say about it, as also did the honourable senator from Churchill (Hon. Mr. Crerar). I think the honourable senator from Waterloo (Hon. Mr. Euler) took a whirl at it, too, as also did a number of others, including myself. This bill indicates that the Emergency Powers Bill will not come before parliament for consideration at this session; if that is so, it will be a decided relief to many of us in this chamber. May I ask the honourable Leader of the Government (Hon. Mr. Macdonald) if my inference that we shall not be troubled with the Emergency Powers Bill this session is correct?

Hon. Mr. Macdonald: I can assure the honourable senator that the Emergency Powers Act will not come forward for consideration this year.

Some Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: I cannot judge whether that will be a relief to honourable senators or not, for I was not a member of this house when the Emergency Powers Bill was under consideration here.

Hon. John T. Haig: Honourable senators, I did not intend to say anything about this bill until my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) mentioned the Emergency Powers Act. Like him, I am delighted with this bill, and I think this is the way legislation ought to come to us. I say, quite candidly, that I am wholeheartedly in favour of the bill. When I go back home I shall have an answer to give to people who ask why Americans up at Churchill, or at some inlet, or away up at the North Pole are allowed to operate radio stations and send out messages. I did not have the answer before, but now I have it.

I think that statutes which authorize the issuing of licences of any kind should specify

the rights to which the license holders are entitled. Last year, owing to a little accident which occurred to me, I happened to have some experience concerning a car with a radio. For two or three weeks I had to go to and from my office in a taxi. I asked one of the taxi drivers how long he had been in this country, and I think he said about three years. I heard him talking to his head office by radio, in very good English, and I asked him if it was broadcasting that he was doing. He replied, "Yes, sir, it is, and I have a licence to do it." I said, "Oh, I didn't know licences were issued for that; I don't remember seeing authorization for them in the law anywhere." Now I know where the authorization was.

I think we owe thanks to the members of both houses who opposed the Emergency Powers Act. Some of us fought it for years. Since the government has come forward with this bill, I think the least we can do is not to complicate matters. Therefore, I hope the house will give third reading to the bill in time for it to receive the Royal Assent this evening.

Hon. Thomas Reid: Honourable senators, I quite agree that the bill is commendable in so far as it will put into statute form powers which heretofore have been given by order in council made under the Emergency Powers Act. But it appears to me that there is a principle involved here which may be far-reaching. We are now proposing to incorporate in the statutes the right to license non-citizens to do certain things without being asked to take an oath of secrecy. My information is that before a Canadian citizen can obtain such a licence as this bill would provide, he has to take an oath of secrecy.

It seems to me we are legislating in two different directions. I know the law with respect to obtaining fishing licences permits people in British Columbia, for instance, to obtain licences whether or not they are British subjects. I understand the Minister of Fisheries has announced a proposed change to the effect that fishing licences will not be issued to people who are not Canadian citizens. Yet, by this bill it is proposed that we hand over a right to a part of our heritage to people who are not citizens.

I can understand that in matters of defence it would be quite all right to give a citizen of the United States the right to operate a radio station here. But I cannot go along with the idea that we should let any immigrant who wants to drive a truck or operate a taxi-cab get a licence which is difficult for the ordinary Canadian citizen to obtain. Certainly, our own citizens do not get such a licence without taking an oath of secrecy.

I would point out that this bill was introduced in the House of Commons as early as May 17, and now we are asked to give it quick treatment today. There are some members of this chamber—and I count myself among them—who like to take a second look at legislation before passing it. The honourable Leader of the Government (Hon. Mr. Macdonald) has said that he would like the bill put through without reference to a committee.

Hon. Mr. Macdonald: No.

Hon. Mr. Reid: Perhaps that was the suggestion of the honourable Leader of the Opposition (Hon. Mr. Haig). It may be all right with him to allow the bill to receive second and third readings at this time, but I for one would like to ask some questions in committee before the bill is allowed to pass. I am surprised that the Leader of the Opposition is so quick to give his consent to allow the bill to receive second and third readings today.

Honourable senators, when this bill goes to committee I should like to ask whether the United States grants to our citizens the same rights as we are proposing now to grant to their citizens. Of course, the United States has no stations in the Arctic that we could utilize, but I am wondering what rights of this nature we have in the United States.

Hon. Mr. Macdonald: Honourable senators, as I replied to the question of the honourable senator from Waterloo (Hon. Mr. Euler), we have no radio stations in the United States, so we have made no request for such rights as this bill would confer. I have no doubt that if we required such rights we would get them.

Hon. Mr. Reid: What about stations in Alaska?

Hon. Mr. Macdonald: We have no stations in Alaska.

Hon. Mr. Reid: Perhaps not, but there may be Canadian citizens in Alaska who travel back and forth from such places as Stewart and Prince Rupert to Alaska.

Hon. Mr. Macdonald: We would not grant licences to United States citizens if they moved back and forth between the two countries. They must be here with an official United States party.

Hon. Mr. Reid: I do not mean people who travel back and forth every day, but those who travel off and on, as we in British Columbia travel back and forth across the United States border.

Are our ships which go to Alaska going to be given rights such as this bill will confer

on citizens of the United States? If not, I for one want to know why not.

Hon. Mr. Macdonald: I have no doubt that all ships, including Canadian ships, carry radio equipment.

Hon. Mr. Bouffard: All those matters are settled by marine law.

Hon. Mr. Macdonald: That is true. We are not giving to the United States any rights which they deny us.

Hon. Mr. Reid: Why are we giving to United States citizens the right to operate radio stations in Canada, and the privilege of talking over the air for a distance of one mile or a hundred miles?

Hon. Mr. Macdonald: These are United States Government stations. Surely, we have to trust our friends.

Hon. Mr. Reid: I think the honourable leader has missed my point. All I am asking is whether our ships that operate up the west coast and our citizens who live in Alaska enjoy the same rights as we are proposing to extend to citizens of the United States? Is there any reciprocity in this respect between the two countries or is the privilege all one-sided?

Hon. Mr. Macdonald: No; our citizens in Alaska have the same rights as ordinary citizens of the United States have in Canada. But, as I say, we have no radio stations in Alaska. If we had, I have no doubt that our citizens would obtain the same rights as we now propose to extend to citizens of the United States.

Hon. Mr. Reid: But what about persons who operate trucks or taxis with radio equipment, and those who go into the woods carrying walkie-talkie instruments?

I am very anxious that this bill go to a committee of the house.

Hon. Mr. McKeen: Honourable senators, I am sorry I cannot cite the exact regulations which affect ships operating off the British Columbia coast from Puget Sound up through the Panhandle, but I know they use radio up there to talk to their home ports. I also know that under the Jones Act and the coastal regulations our ships in United States waters do not have reciprocal rights. I think this would be a good time to see to it that we get reciprocal rights.

Hon. Mr. Macdonald: Honourable senators, I am not familiar with all the regulations and how these rights are obtained, but I can say definitely that we are giving no rights to citizens of the United States that we could not obtain from them if we needed them.

The honourable senator from New Westminster (Hon. Mr. Reid) has suggested that the bill be referred to a committee. I can assure him that neither the honourable leader opposite nor I have any objection to that procedure. However, if it is referred to a committee, I would hope that the committee will sit when the house rises, and to enable it to do so I will not proceed with any other legislation this afternoon. In those circumstances, the committee could, I hope, report back to the house when we reassemble at eight o'clock this evening.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Honourable senators, I move that the bill be referred to the Standing Committee on Transport and Communications. If the bill is approved by the committee, I shall move that it be read a third time later this day.

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Honourable senators, it is expected that we shall receive later this day the interim supply bill, which will provide for supply for two months. The house will recall that earlier this session we passed supply for April and May. We are now at the end of May, and it is necessary to vote supply again for the limited period of two months. I would suggest therefore that the house rise at this time and reassemble at the call of the bell, at eight o'clock this evening.

Hon. Mr. Haig: Before the house rises, may I be clear on what we now propose to do? Is it proposed that the Committee on Transport and Communications meet now to consider the Radio Bill, as suggested by the honourable senator from New Westminster (Hon. Mr. Reid), and that that committee report back to the house at eight o'clock this evening?

Hon. Mr. Macdonald: That is the understanding.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

APPROPRIATION BILL NO. 3

FIRST READING

A message was received from the House of Commons with Bill 465, an Act for granting to Her Majesty certain sums of money

for the public service of the financial year ending the 31st March, 1955.

The bill was read the first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. W. Ross Macdonald: Honourable senators, with leave, I move the second reading now.

Hon. Mr. Haig: What is the explanation?

Hon. Mr. Macdonald: This is an interim supply bill. Before the house rose this afternoon I stated that the interim supply bill would provide supply for two-twelfths of the total amount to be required. I was mistaken in that respect. The bill provides supply for only one-twelfth of the total amount of supply required. The confusion in my mind was caused by the fact that on March 31, at the end of the last fiscal year, the Senate passed an interim supply bill granting two-twelfths of the total estimates. If parliament does not prorogue before the end of June, it will be necessary to have another interim supply bill for an additional one-twelfth. But I wish to emphasize that this bill provides for only one-twelfth of all the items to be voted in the main estimates for the fiscal year 1954-55. There is, however, an additional one-twelfth of eleven special items to provide for services of a sessional nature in respect of which the heaviest payments fall in the early part of the year. In March, when the interim supply bills were passed, a number of items were voted which were not included in the one-twelfth; they were items in connection with expenditures which are at their heaviest during the first two months of the year.

As I have pointed out, the general proportion of one-twelfth for all services is intended to provide for the ordinary requirements to the end of June of the present year. The additional proportion requested is for certain special items of a kind for which it has been usual to request more than the normal one-twelfth for the month of June. This is to meet the heavy sessional requirements of parliament, and the seasonal requirements of certain services, such as the provisioning of field parties, during the spring and early summer. As honourable senators are of course aware, in no instance is the total amount of any item being released. The form of the bill is the same as that passed earlier this year.

In closing, I would state that the passing of this bill will not prejudice the rights and privileges of honourable members to criticize and discuss any item in the estimates which will come up for consideration from time to time during the remainder of the session; and I now give the usual undertaking that such rights and privileges will be respected, and will not be curtailed or restricted in any way as a result of the passing of this measure.

Hon. Mr. Reid: May I ask the honourable leader whether the one-twelfth that we are asked to vote is one-twelfth of the amount shown in the schedule on page 3?

Hon. Mr. Roebuck: Would the honourable senator from New Westminster (Hon. Mr. Reid) kindly allow me the floor for a moment? My only objection is that I have not got a copy of the bill. The page boy ran out of copies before he reached me.

Hon. Mr. Haig: I have two copies, and you may have one.

Hon. Mr. Roebuck: Thank you very much. It seems that no one in this section of the house was supplied with a copy.

Hon. Mr. Macdonald: In reply to the honourable senator from New Westminster, I may say that the one-twelfth he refers to is the amount set forth in the schedule to the bill. For instance, earlier this year we voted one-sixth plus one-twelfth of the estimates for branch experimental farms. As their expenses are heavier at this time of year than later on, we are now being asked to grant one-twelfth plus an additional one-twelfth.

Hon. Mr. Reid: I am afraid I cannot understand this bill. In the schedule an amount of $453,249 is shown as required for the general administration of the Senate. Now, if you multiply that by twelve it comes to more than $5 million, and I cannot get it through my head how the general administration of the Senate would cost that much. Under general administration of the House of Commons the estimates of the Clerk are $1,250,777, and if that amount represents only one-twelfth, of the total for the year, it means that the full amount for the Clerk will be over $15 million. That certainly does not seem right to me, and that is why I raised the question.

Hon. Mr. Macdonald: I understand that the total amount being asked for is one-twelfth of the amount set forth in the main estimates for this year, plus one-twelfth of the estimates for the eleven items listed in the schedule.

Hon. Mr. Reid: These words are at the head of the schedule on page 3 of the bill:

> Based on the main estimates, 1954-55. The amount hereby granted is $1,413,731.92, being one-twelfth of the amount of the several items in the said estimates as contained in this schedule.

Then we come to the schedule and we find that the first item amounts to $6,351,995, the second item amounts to $453,249, and so on.

Hon. Mr. Haig: May I make a comment at this time, for I have had some experience in dealing with items in appropriation bills. Section 2 of the bill provides for a payment that is one-twelfth of the amount of the total estimates for the fiscal year ending the 31st day of March, 1955. Section 3 provides for a vote of an additional one-twelfth of the estimates for the special items mentioned in the schedule—that is, one-twelfth of $16,964,783.

Hon. Mr. Reid: That sounds like the answer.

Hon. Mr. Haig: I was met with the same problem as my honourable friend is, but I was able to figure out the answer this afternoon. I read the bill carefully and observed that the schedule contains special items for which we are now being requested to vote an additional one-twelfth.

Hon. Mr. Macdonald: That is correct.

Hon. Mr. Reid: The honourable Leader of the Opposition (Hon. Mr. Haig) had an advantage over me. He obviously had the bill earlier today, whereas I did not see a copy of it until a few minutes ago.

Hon. Mr. Haig: Perhaps I should not mention the fact, but I have had a copy of this bill for three days now. As leader on this side I have always been shown similar courtesy.

While I am on my feet I should like to make a general statement about the handling of legislation by parliament. I really think that the government should accept the responsibility of giving the Senate more work to do at the beginning of the session. We have all had a great deal of experience in life, we know how to work, we are being well paid, and we want to work—I do not know of a lazy man or woman in this chamber. Nothing is more annoying than to come here, sit for several days and have only a few hours work to do. We are able and willing to work, and are anxious to let the public know it.

I think one reason for delayed legislation in the House of Commons and elsewhere is the multiplicity of parties. When I was a member of the Manitoba legislature only two parties were represented, and the session lasted about six weeks, but as much legislation was passed then as now, although the session has lengthened to two and a half months. With four parties, debate has become a merry-go-around. I do not think anyone would accuse the Britisher of wanting to curtail criticism or freedom of speech, but in Britain the House of Commons permits only so much time for consideration of certain matters. The people of the United States are noted for shouting from the housetops the right of free speech, yet the House of Representatives had to put a time limit on debate. We shall have to go farther along that line in Canada. Parliamentarians do not have to use a lot of words and time to justify the increased session indemnity. As a matter of fact, a good deal of the increase goes back to the government in income tax. For instance, the Prime Minister now receives a total of $37,000 in salary, indemnity and allowance, but the income tax on this is some $16,000.

However, I come back to this point: it cannot be emphasized too often or too strongly that we are unable to render proper service unless legislation is received from the other house early enough to allow reasonable time for consideration.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: The courts allow lawyers a certain time to present their cases, and nobody complains about that. Why then should anyone complain if a limit is put on the length of time that may be spent on debate?

This session started on the 12th of November last, and except for the Christmas adjournment and Easter recess we have sat regularly. Yet we are still waiting for work to do. I am not blaming the honourable leader of this house (Hon. Mr. Macdonald), for I know he has tried desperately to get legislation over from the other place. I also know that some members of the other place do not want to hurry, because they have the public vote in mind. This house, however, is not influenced by the public vote. The government must take the responsibility of getting legislation through faster than it is coming now. You may say that I am speaking against freedom of speech, but it is not so. I contend that four or five speeches should be sufficient to complete the discussion of any subject at one time. I was unable to be here until January of this year, because I had been sick, but except for the Easter recess I have been here regularly, and very important legislation is only now beginning to come from the other place. People who come to the gallery to hear our debates get a wrong impression and do not like it when they learn that we sit for an hour or two on three or four days a week. I repeat that the government must take the responsibility of seeing that legislation is sent over here more quickly than in the past, or we shall be having twelve-month sessions every year. We are

almost into June, which means that we shall be expected to give attention to batches of legislation within the next two or three weeks. The Bank Bill—a very important measure—came to us only today. The Criminal Code Bill, which occupied the other house for many weeks, came before us only recently; however, thanks to my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) and some other honourable senators, the subject-matter of the measure was long and carefully considered at previous sessions.

I am not criticizing the honourable leader (Hon. Mr. Macdonald) or his supporters in this house, but I am complaining that the government is not expeditious in placing important legislation before us early in the session. We are men and women of broad experience in municipal affairs, in provincial legislatures, in the House of Commons, in law, business and agriculture; but the benefit of all that experience is lost if legislation reaches us too late in the session for us to give it proper consideration. I intend, if I am spared, to be in the house next session, renew my protest against the practice of allowing major legislation to be delayed until the dying days of the session. Perhaps the fault is not entirely with the government—maybe the opposition in the other house is partly to blame—but the government must take responsibility for the delay.

Hon. Mr. Macdonald: Honourable senators, I assure the honourable Leader of the Opposition (Hon. Mr. Haig) that I should like to have more legislation to present to this house early in the session. He has been very fair to me, saying that he knows that I have done all in my power to expedite legislation. No doubt honourable members of the House of Commons will take notice of his remarks.

Hon. Mr. Reid: You are very optimistic.

Hon. Mr. Macdonald: And I hope they will take notice of my remarks.

Speaking for the government supporters in this house, I join with the leader opposite in expressing the hope that a system may be set up whereby legislation will reach us earlier in the session. I agree with all my honourable friend has said with respect to the members of this house: they have ability and experience, they are anxious to work, and they can contribute much to the efficient functioning of parliament in this country. However, we are prevented from doing what we should do because much of the business of parliament does not come to us in time to give it proper consideration. I say again to the honourable leader that I hope honourable members of the other house will take notice of his remarks.

Hon. Mr. Reid: What a hope!

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: With leave of the house, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

RADIO BILL

REPORT OF COMMITTEE

Hon. Mr. Roebuck, Acting Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill 446.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Transport and Communications to whom was referred the Bill 446 from the House of Commons, intituled: "An Act to amend the Radio Act", have in obedience to the order of reference of May 27, 1954, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: With leave of the Senate, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act for the relief of Alfred Rubens.

An Act for the relief of Clara Stein Rosenberg.

An Act for the relief of Birdie Gladys Schwarz Bard Yudelson.

An Act for the relief of Lilli Schwab Barber.

An Act for the relief of Laura Fanny Hoddinott Peckford.

An Act for the relief of Michael Samulack.

An Act for the relief of Natalie Wynohradnyk Wolcovitch.

An Act for the relief of Joan Bechard Tutty Copeland.

An Act for the relief of Georgette Mertens Herscovitch.

An Act for the relief of Mary Veronica Carmichael Mosher.

An Act for the relief of George Thomas LeGrow.

An Act for the relief of Marie-Reine Roy Laflamme.

An Act for the relief of Gabrielle Gagne Nantel.

An Act for the relief of Velma Mackland Giles Boyer.

An Act for the relief of John Wright Sinclair.

An Act for the relief of Florence Jean Moffatt Tucker Johnston.

An Act for the relief of Margaret Hilda Popper Parker.

An Act for the relief of Cecil Alfred Ellis.

An Act for the relief of Robert Jackson.

An Act for the relief of Madeleine Marguerite Faure Eden.

An Act for the relief of William James Cutler McKillop.

An Act for the relief of Agnes Mary Kelly Winters.

An Act for the relief of Florence Elizabeth Hough Topp.

An Act for the relief of Roch Cote.

An Act for the relief of Domina Emerius Lefebvre.

An Act for the relief of Charles Edouard Dubois.

An Act for the relief of Donald Clarke Allen.

An Act for the relief of Jean Albert Raymond Rasson Desloover.

An Act for the relief of Hazel Helena King Featherston.

An Act for the relief of Jessie Ruby Dawe Greenslade.

An Act for the relief of Jean Nelson Williams Blampied.

An Act for the relief of Horace Gervais.

An Act for the relief of Margaret Ann Eddie Casselman.

An Act for the relief of Marcel Prud'homme.

An Act for the relief of Michele Grignon Ferguson.

An Act for the relief of Emile Groulx.

An Act for the relief of Doreen Jeannette Yvonne Sarah Mary Dorothy Sibley Cowans.

An Act for the relief of Muriel Spencer Campbell.

An Act for the relief of Yetta Frumkin Binder.

An Act for the relief of Vera Mary Drummond Stafford.

An Act for the relief of Alice Beatrice Cutler Murdoch.

An Act for the relief of Maartje Stelling McLachlan.

An Act for the relief of Wilfred Roy Fricker.

An Act for the relief of Dorothy Adelaide Jorbahn Rosburg.

An Act for the relief of Joseph Bernard Bertrand.

An Act for the relief of Ann McKinnon Archibald Barnes.

An Act for the relief of Joseph Gerard Arthur Valmore Tremblay.

An Act for the relief of Marie Jeannette Lucille Catherine Clement Cantin.

An Act for the relief of Pauline Prussick Astrof.

An Act for the relief of Martha Betty Schenck Clarke.

An Act for the relief of Felice D'Abate.

An Act for the relief of Olga Korim Falardeau.

An Act for the relief of Harold Robertson Mann.

An Act for the relief of Sophie Rosenberg Rosenberg.

An Act for the relief of Frederica Priesel Barrett.

An Act for the relief of Jean Bertha Thomson Lanthier.

An Act for the relief of Roger Tremblay.

An Act for the relief of Adelaide Nina Hall Lanktree.

An Act for the relief of Fernande Gilberte Andrea Leclair Dauost.

An Act for the relief of Diana Barbara Boone Guinness.

An Act for the relief of Clara Sperber Meilen Fink.

An Act for the relief of Maria Assunta Pilozzi Raspa.

An Act for the relief of Robert James Cooper.

An Act for the relief of Diana Frances Nash Milmine.

An Act for the relief of Ross Willis Garrow.

An Act for the relief of Bessie Katz Elman.

An Act respecting Victorian Order of Nurses for Canada.

An Act respecting Canadian Nurses Association.

An Act to incorporate North American Baptists Inc., (Canada).

An Act to authorize Niagara Gas Transmission Limited to construct, own and operate an extra-provincial pipe line.

An Act respecting Trans-Canada Pipe Lines Limited.

An Act respecting Eastern Telephone and Telegraph Company.

An Act to incorporate Baloise Fire Insurance Company of Canada.

An Act to amend the Representation Act.

An Act to amend the Department of Transport Act.

An Act to amend the Radio Act.

An Act for granting to Her Majesty certain sums of money for the Public Service of the financial year ending the 31st March, 1955.

The House of Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, June 1 at 3 p.m.

THE SENATE

Tuesday, June 1, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

POST OFFICE BILL

FIRST READING

Hon. Mr. Macdonald presented Bill P-15, an Act to amend the Post Office Act.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: With leave, next sitting.

SUSPENSION OF RULES

NOTICE OF MOTION

Hon. Mr. Macdonald: Honourable senators, I give notice that on Thursday next I will move:

That for the balance of the present session Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

Hon. Mr. Haig: That notice indicates we must be getting near the end of the session.

Hon. Mr. Macdonald: We hope so.

L'ESPERANCE DIVORCE PETITION

NEWSPAPER ARTICLES—QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. Arthur W. Roebuck: Honourable senators, on a question of privilege and as Chairman of the Committee on Divorce, I wish to call to the attention of the House a number of statements which have of late appeared in the press with respect to an application for divorce made one Lucien L'Esperance and duly heard by the Committee on Divorce.

I refer first to an editorial in the Montreal *Gazette* of May 21, 1954, entitled "Parliament and Divorce" as follows:

A recent case has, in the opinion of Parliament's get-rid-of-divorces group, brought out in sharp relief the inability of Parliament, in its necessarily hasty examination of individual cases to function adequately as a divorce court.

Let me say here that I have no quarrel with any get-rid-of-divorces group. The Senate has never asked for the task of hearing divorce applications, and my predecessor in the office of Chairman of the Divorce Committee has repeatedly in successive sessions urged that the task be referred to a properly constituted court, under the presidency of a professional jurist. The Senate has continued year after year to deal with divorce applications as an unwelcome duty, and not as a pleasure, and I speak for every member of my committee when I say that all of us without exception would be glad to be free of the task.

So I have no quarrel with those who would relieve us of this burden; but the change suggested is a political problem of important general policy, and the advocates should be careful not to allow their predilictions as to policy to influence their approach to matters of administration. The administrative task of deciding between contending litigants is a judicial function and should not be used or abused for political purposes.

The editorial speaks of parliament's "necessarily hasty examination of individual cases". I cannot speak for the Commons, but I say that there is no undue haste in the Senate's examination of any of the numerous cases which each session are dealt with by its Divorce Committee. Of the 385 cases decided this session, every one was heard by at least three senators with deliberation. Every person was received who came forward and every witness was listened to with attention, judicial calm and courtesy.

This session the committee held no less than 108 sittings, amounting to approximately 270 hours, which is the equivalent of 47 full court days from ten o'clock in the morning to five o'clock at night, with an hour for lunch. This time spent does not indicate haste in the examination of cases.

Referring to one of the cases, that of Lucien L'Esperance, the editorial says:

It survived the hit-and-miss examination of the Senate Divorce Committee.

And again:

The rumblings, in due course, reached the ears of the Senate Committee which had rushed the bill through with many others.

The accusation that the Senate Divorce Committee's examination was hit-and-miss, by which is implied a haphazard carelessness and that the bill was rushed through, is utterly untrue and cruelly unjust, and evidences an ignorance of what actually takes place which is reprehensible.

This particular L'Esperance case, which has been widely criticized in the press, was heard by five senators—myself presiding as Chairman, with Senators Barbour, Euler, Farquhar and Golding—all, with the exception of myself, long-time members of the Divorce Committee and greatly experienced; and, as for myself, I have been attending courts for half a century and have been taking part in trials for nearly forty years.

My best answer to the charge that the case was rushed through is to tell you that,

according to the official record, the hearing of evidence in this case only continued from 10.30 a.m. to 12.45 p.m. and from 2.00 p.m. until 6.45 p.m., a total of seven hours devoted to the hearing of the witnesses in this one case, following which there was a conference when, after some discussion, it was decided to leave the decision over to the following morning. The purpose of the adjournment was to avoid any semblance of haste, and so that the members of the court might think the matter over carefully before coming to a decision. The committee met again the following morning, when the decision to grant the divorce was reached unanimously.

It is generally recognized in courts of law that the judicial officers who see and hear the witnesses are the best judges of the facts, that is of the truth and weight of the testimony. Courts of appeal, who only read the evidence, are very loath to disturb the trial judge's or jury's finding of facts. For similar reasons, the findings of facts of the Divorce Committee are entitled to at least respect, and are not properly the subject of sensational remarks by individuals who have not even read the printed evidence.

On May 21, 1954, the *Globe and Mail* of Toronto published the criticism of members of the Commons committee, who admitted they had passed the bill before seeing the evidence, in marked contrast to the time and care given by the senators who heard the witnesses. One remark reported is that "Everything connected with it (the case) stinks to high heaven," an extravagant statement which is altogether unjustified.

Then a fresh impetus has been given the discussion by the extraordinary action of the applicant in withdrawing the case, together with a remark attributed to one of the solicitors involved impugning the truthfulness of witnesses. I know of no official record of this statement, nor is it unusual for litigants to disagree with opposing testimony, but nevertheless the incident has released some further newspaper speculation on perjury and its prosecution. Senators have only five senses, like everyone else, and are subject to being misled by perjured evidence, and so too are judges and juries, but this is no justification for unfounded allegations of crime, the smearing of witnesses, and the undermining of confidence in our judicial procedure. If anyone has knowledge of perjured evidence, he should tell what he knows to the Crown Attorney for the locality in which the offence is alleged to have been committed, and the Criminal Code provides the penalties.

We are not without precedent in this regard. There is in the files of our Divorce Committee the record of a charge of perjury arising out of testimony given before the committee in support of an application for divorce. The charge was laid by the solicitor for the respondent and the trial took place in Hamilton, Ontario, when officials of the Senate were summoned and ordered to produce the relevant records. The Assistant Clerk of the Divorce Committee and two stenographic reporters attended, and the information brought to us by our officials was that the accused was convicted and sentenced to two years in prison.

In the file is the original summons to Mr. J. O. A. Roy, the then Assistant Clerk of the Divorce Committee, which is of interest in this connection. It reads in part as follows:

Canada
Province of Ontario
City of Hamilton
County of Wentworth

To Wit:

Whereas information has been laid before the undersigned Police Magistrate of the City of Hamilton and Ex-Officio Justice of the Peace in and for the said county, that Earl Reid at Ottawa on the 14th day of February A.D. 1928, did unlawfully and wilfully commit perjury in a certain judicial or parliamentary proceeding before the Senate committee by falsely swearing that he rented and occupied the room 57 Silverbirch Ave. in Toronto on the 17th day of October 1927 and that he committed adultery with Lynda G. Loveday.

In view of this precedent, the procedure is quite clear and well established. The aggrieved parties or anyone having information is entitled to lay a charge of perjury against any witness in a divorce proceeding whom he believes on reasonable and probable grounds to have committed the perjury offence, and I am sure that he will find the Crown Attorney of the district in which the offence was committed very ready to assist. The British North America Act gives to the provinces jurisdiction over the administration of justice, so that the Attorney General of the province is the chief law enforcement officer charged with the constitutional responsibility wherever in the province a criminal offence is committed.

As a matter of fact there is no suggestion of perjury in the applicant's written withdrawal of his case, a copy of which I have before me. It reads as follows:

Desistment

In view of the publicity that has been made around Petitioner's divorce, and in view of the protestation of the Respondent, the Petitioner to avoid any further publicity hereby desists from this petition and divorce.

(Sgd.) L. L'Esperance.

According to his written statement it is publicity that is concerning the applicant—supplemented by the outcries of his wife.

Notwithstanding, I had Mr. Armstrong, our Chief Clerk of Committees, write counsel for the applicant and, on receiving no reply, phone him. Counsel for the applicant said that the real reason for the withdrawal was the fact that the applicant had tendered in the course of his business as a plumbing contractor on two large undertakings, one of them in the order of a quarter million dollars, and he feared the publicity being given his divorce proceedings would prejudice his chances of getting the contracts. The solicitor said he had no evidence of perjury in the evidence of adultery submitted to the Senate committee.

Let me make it clear that I and my colleagues greatly appreciate the confidence expressed and implied over the years by responsible members of the Commons in the Senate and its Divorce Committee in the matter of divorce. Our recommendations have been relied upon almost without exception, but should there be any change in this regard, as some noisy persons might imply, I am perfectly agreeable to the other place taking over the task of inquiry—

Hon. Mr. Aseltine: Hear, hear.

Hon. Mr. Roebuck: —in which case I will rather enjoy the role of review. Nor have I any objection to surrendering our responsibilities to a properly constituted court, should Parliament in its wisdom decide on that course, but while we do perform the judicial task I plead for understanding and informed co-operation by all others concerned. I have no complaint to make should the Commons at any time differ with respect to a particular case. That is their right and privilege, and even their duty. We may believe one set of witnesses and they quite honestly and reasonably may prefer to believe the opposing witnesses, but I do ask that such honest differences of opinion in judicial proceedings between litigants be not used as a political football or as a medium for personal publicity.

Some Hon. Senators: Hear, hear.

NAVIGABLE WATERS PROTECTION BILL

SECOND READING

Hon. John J. Connolly moved the second reading of Bill O-15, an Act to amend the Navigable Waters Protection Act.

He said: Honourable senators, in discussing the amendments which this bill proposes to the Navigable Waters Protection Act, I think at the outset it would be worth while to consider the act as a whole, so that honourable members will be able to appraise more intelligently the purport of the amendments.

The Navigable Waters Protection Act contains three parts. Part I deals with the construction of works in the nature of bridges, booms, dams, wharves, docks, and the like, in navigable waters. This part also contains provisions relating to the removal of unauthorized works and the construction of authorized works.

Part III of the act, which is very brief, deals with the establishment of ferry cables and swing or draw bridges in or near navigable waters. Parts I and III, which are administered by the Minister of Public Works, are not amended by the present bill, but Part II, which is administered by the Department of Transport, is amended.

Speaking generally, Part II of the Navigable Waters Protection Act deals with obstructions to navigation in navigable waters. Exempt from its provisions are the areas controlled by the Harbour Commissioners in the port of Montreal and in the port of Quebec, both of which are governed by special legislation. Part II of the act also provides for proclaiming certain rivers, which are naturally navigable, to be exempt from the provisions of the act. Part II also contains prohibitions against the deposit of sawdust and rubbish in navigable rivers.

In dealing with the present bill we are mainly concerned with sections 13 to 17 of the act, although section 16 is the only one actually amended. In order to understand the purport of the amendment to this section, I think it is desirable that the house be familiar with the provisions of the surrounding sections.

Section 14 provides that the minister may cause the removal of vessels, parts of vessels, and objects of like character which obstruct navigable waters or are likely to obstruct navigable waters, or which constitute obstacles to the use of crown property adjacent to navigable waters.

Section 15 provides for the sale of such vessels or wrecks by the minister by public auction or otherwise, and for the payment of the expenses incurred by him, either in placing signals or removing the wreck, out of the proceeds of the sale.

Section 16, with which we are immediately concerned, provides at present that the cost of placing signals and of removing wrecks and vessels cast ashore near navigable waters shall be defrayed out of the proceeds of the sale which is held pursuant to the provisions of section 15, and that if those proceeds are

not sufficient either the owner of the wreck or the person through whose negligence or fault the wreck was occasioned can be called upon to pay whatever deficiency may exist.

In the case of *Sauvageau v. The King* (1950), S.C.R., 664, the Supreme Court of Canada decided that it was necessary in every case for the minister to have a sale of a wreck before he could call upon the owner or the person responsible for the obstruction to navigation to pay his costs of the moving of the obstruction or of placing signals to prevent other vessels from running into the obstruction. The purpose of the amendment is simply to provide that if the minister in his discretion removes the obstruction to the navigable water he is not required to have a sale of the wreck which he removes, but he can call upon the person responsible for the obstruction to pay the costs incurred by the department in the disposal of the obstruction. That is the very simple explanation of the proposed amendment to section 16.

The second amendment proposed is the addition of a new part to the act, to be known as Part IV. To administer Part IV the appointment of a third minister of the crown is proposed, in the person of the Minister of Labour. This new part of the act provides authority to establish regulations similar to those made under the Emergency Powers Act by Order in Council P.C. 2306 of May 22, 1952. That Order in Council is known as the Great Lakes Seamen's Security Regulations. It supplanted a previous Order in Council of July 24, 1951, which was passed as a consequence of the outbreak of the Korean War and was designed for the purpose of ensuring that the safety and security of Canada would not be endangered by the presence on a Canadian ship in the Great Lakes and the Upper St. Lawrence of seamen who might constitute undesirable security risks. It was adopted in the light of an existing international emergency, and I am informed that it followed consultation with the United States authorities. In most respects, the provisions of the Order in Council and of the regulations are similar to United States security screening provisions applicable to seamen employed on United States vessels operating in the same waters.

For the information of honourable senators, I might say that the term "seamen" broadly applies to a person employed on board a ship, and includes the master of the vessel, but there are certain exemptions from the strict wording of the regulations. Persons on fishing vessels not passing through canals or locks; police officers on patrol boats and fire fighting boats; labourers on a casual basis for salvage operations, and other similarly engaged seamen are exempt from the requirements of the regulations.

Basically, every seaman covered by the Order in Council is required to have a card, issued to him by the Department of Labour, authorizing him to accept and carry out employment on board a vessel in the waters I have mentioned. The application for a card is made in every case by the seaman to the National Employment Service. If his application is rejected he has the right to apply to the minister to have his case reviewed by an appeal board or advisory committee consisting of three persons appointed by the minister. I am informed that as of April 26, 1954, some 30,540 applications had been received and processed under the existing regulations. Of this number some 29,422 were cleared. As of that date twenty applicants had been refused regular seamen's cards, and seven of them had made requests for review. In the case of one of these, further investigation resulted in his being cleared without a review by the minister's advisory committee. In three cases, the committee confirmed the original decision to refuse the card. Two requests for review lapsed: one because the subject was deported, I am informed, and no further action was required under the regulations; the other, because the person concerned did not present himself for a hearing.

The proposed new Part IV of the act has a time limit of three years on it. At the present time the regulations are not in force, according to my information, because the Emergency Powers Act expired on May 31 last.

I think, honourable senators, that it would be desirable to have the bill go to a committee. If that course is thought wise, I shall move later that it be referred to the Standing Committee on Transport and Communications.

Hon. Mr. Reid: Could the honourable senator tell me if provision is made in the present act or in the proposed amendments to protect the owner of a wreck? In asking that question I have in mind a type of raft used on the coast of British Columbia called the Davis raft, which carries logs piled one upon another and extending as deep into the water as sixteen feet. An accident or so-called act of God will sometimes cause such a raft to break up, and in my reading of the bill, I find no reference to what may happen as a result of that. For that reason I am asking whether any protection is given to the owner of a ship or of a Davis raft who suffers a wreck in such circumstances. For instance, there is a light ship located at the mouth of

the Fraser River to guide ships from the open inlet into the river. What would be the position of the owner of a ship or raft in the event of an accident with the light ship?

Hon. Mr. Connolly: Do I understand my honourable friend from New Westminster (Hon. Mr. Reid) to inquire whether an owner would have a claim if his ship or raft was cast adrift and was in collision with a light ship?

Hon. Mr. Reid: I gather that under the proposed amendment the minister would have the right to sell or hold a wreck. Now I am wondering what the owner's rights would be. If the minister or his officials were to sell the wreck over the head of the owner before he is given a chance to buy it or to pay the damage, what recourse would he have?

Hon. Mr. Connolly: I should think that would be pretty much within the discretion of the minister and would depend largely upon how he interpreted the regulations. However, I know as a matter of practice that when a vessel or wreck becomes an obstruction to navigation in the waters covered by this act, the owner is required to give notice of that fact to the minister, and the minister may then require the owner to remove the obstruction. The onus is first cast upon the owner to remove the obstruction, and if he fails to do so, it is then the right of the minister to remove it. The act further provides, I understand, that the owner must place a signal or flare on the wreck, if that is possible, to indicate in some way that there is an obstruction to navigation. But the minister may take whatever precautions are necessary, if the owner fails to do so, to protect other users of the water.

Hon. Mr. Reid: That is not the kind of wreck I have in mind.

Hon. Mr. Lambert: Honourable senators, may I be permitted to point out that the waters in question under the new Part IV are limited to the Great Lakes, including the St. Lawrence River as far east as the lowest exit of the Lachine Canal and the Victoria Bridge at Montreal. There is no reference to the ocean.

Hon. Mr. Reid: If the measure refers only to the Great Lakes and that part of the St. Lawrence which my honourable friend mentioned, my question has no application. The explanation of the bill did not make clear to me that its application was limited in that way.

Hon. Mr. Lambert: The bill is quite clear in that respect.

Hon. Mr. Reid: The word "wreck" has no reference to a raft of logs that has broken up. When a ship is abandoned it becomes a wreck, but when a Davis raft is broken up as the result of a so-called act of God it becomes simply a lot of logs scattered over the sea.

Hon. Mr. Connolly: As I understand my honourable friend from New Westminster (Hon. Mr. Reid), he is talking primarily about the right of a ship owner to recover loss in the event of his property being damaged by reason of a wreck being where it should not be. That kind of claim is covered by the general law with respect to negligence. It is not covered by this legislation.

The honourable senator from Ottawa (Hon. Mr. Lambert) is quite right in what he said about Part IV, but perhaps I should add that only part IV applies to the waters of the Great Lakes and the St. Lawrence River. Parts I, II and III of the act apply to all navigable waters.

Hon. Mr. Reid: And not only to the Great Lakes. Thank you.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Connolly, the bill was referred to the Standing Committee on Transport and Communications.

RESEARCH COUNCIL BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 375, an Act to amend the Research Council Act.

He said: Honourable senators, the purposes of this bill are set forth in the explanatory notes. The bill is not very complicated, but as the notes deal with it section by section it is a little difficult to follow just what principle is involved in the measure as a whole. Perhaps it might be well if I began by giving a brief review of some aspects of the operation of the National Research Council. As honourable senators know, prior to World War II the great contributions to scientific research were being made by the major industrial companies, rather than by the government itself. The companies who were doing this were mostly situated in the United States. Such companies as General Electric, Westinghouse, Du Pont and many other large corporations, which had their head offices in the United States, carried on research work in that country and their Canadian branches received the advantage of it. Similarly, large

companies in England also were doing a great deal of scientific research, but relatively little was done in Canada. However, with the advent of the second World War it became necessary to have more research done in Canada, and this was accomplished by the development of research laboratories by private companies and by government undertaking. By the end of World War II Canada was spending on research about as much as had been spent by the United States prior to the war. Credit for this development in scientific research is not entirely due to the government; it is due to individuals, institutions, industries and universities, and to the government through the activities of the National Research Council. Special recognition should be given to the members of the council, and I think it would be appropriate to place on record the names of these men who are giving splendid service to Canada and doing it voluntarily.

Dr. E. W. R. Steacie is President of the National Research Council. The other members are: C. W. Argue, Dean of Science, University of New Brunswick; E. R. Birchard, Vice-President (Administration), National Research Council; A. N. Campbell, Professor of Chemistry, University of Manitoba; Gordon G. Cushing, Secretary-Treasurer, Trades and Labour Congress of Canada; R. F. Farquharson, Head of Department of Medicine, University of Toronto; G. E. Hall, President, University of Western Ontario; J. H. L. Johnstone, Head of the Department of Physics, Dalhousie University; B. G. Ballard, Vice-President (Scientific), National Research Council; C. J. Mackenzie, President, Atomic Energy Control Board; A. G. McCalla, Dean of Agriculture, University of Alberta; E. G. D. Murray, Faculty of Medicine, McGill University; Cyrias Ouellet, Professor of Chemistry, Laval University; G. M. Shrum, Head of the Department of Physics, University of British Columbia; David L. Thompson, Head of Organic and Biological Chemistry, McGill University; T. Thorvaldson, University of Saskatchewan; F. C. Wallace, Executive Vice-President of Duplate Canada Ltd., Fiberglas Canada Ltd.; W. H. Watson, Head of the Department of Physics, University of Toronto; Henri Gaudefroy, Director, Ecole Polytechnique, Montreal; Abel Gauthier, Vice Dean, Faculty of Science, University of Montreal, and D. A. Keys, Vice-President (Scientific), National Research Council.

Honourable senators will notice that this council is composed of leading men in the professions and universities all across the country. Canada owes a great deal to the endeavour and interest of these individuals, who, as I said before, receive no monetary consideration for their services.

Returning to the period immediately prior to the war, let me say that the matter of scientific research was not entirely neglected by Canada. The National Research Council at that time had been awarding a great many scholarships and had been encouraging research. The result was that when war broke out and we could not rely on the United States for the development of scientific processes, a splendid body of young scientists who had been devoting their lives to research, were available to us, and they rendered invaluable assistance during the war.

I should point out that although the largest laboratory of the Research Council is located in Ottawa, the Council also operates a laboratory in Saskatoon, which concerns itself with agricultural problems of the west; and there is also one in Nova Scotia, which deals particularly with problems affecting the Maritimes. There are besides representatives of the council travelling across Canada, who consult with industry. Furthermore, there is excellent co-operation between the provincial Research Councils and the National Research Council. In fact, the dominion, the provinces, the universities and industry work exceptionally well together in this field, in relation to research problems encountered by small as well as by large industries. For example, the different firms composing the pulp and paper industry have set up a research organization which works in close co-operation with McGill University and the National Research Council. I should not leave this subject without mentioning two great undertakings with which we are all familiar. The Polymer Corporation was developed largely through the efforts of people who have devoted their lives to scientific research. The same is true of the project at Chalk River. Although this is concerned with problems that might be related to war, we hope that the solution of some vital peacetime problems will be achieved there and eventually make life easier for all of us.

That is all I wish to say with regard to the National Research Council itself, and now I will refer briefly to the sections of the bill. The first amendment clarifies the position of the council with respect to its authority to deal with personal property in the course of its operations.

The second amendment obviates what is felt to be an unnecessary meeting of the council during the latter part of the year.

Under the present law the council is required to have four meetings *per annum*, but it is felt that three will do.

The third amendment establishes more clearly the authority of the council in making grants to research projects outside the council, grants which may be to industry or otherwise. This is a clarifying section.

The fourth amendment establishes the right of the council to expend moneys received by it in the course of its operations.

The fifth amendment validates approval by the chairman alone of documents which, under the act, require the approval of the whole committee.

Finally, the bill permits the council to publish and distribute, either with or without charge, scientific and technical information.

I think honourable senators will agree with me that this council is doing a splendid work. The honourable senator from Ottawa (Hon. Mr. Lambert) points out that, when I said the members of the council were doing this work voluntarily, I should have added that those who are devoting all or a large part of their time to the work receive some remuneration. Dr. Steacie, for example, is a salaried official.

I have nothing to add with reference to the bill, except that I am sure it will meet with the approval of this honourable house.

Hon. Mr. Reid: The honourable Leader of the Government (Hon. Mr. Macdonald) referred a number of times to the National Research Council, but the statute itself is merely entitled "The Research Council Act." I am wondering whether the word "National" should not be added.

Hon. Mr. Macdonald: Yes, the Council itself is named "The National Research Council."

Hon. Mr. Reid: It is so shown in the telephone book.

Hon. Mr. Macdonald: Yes. The National Research Council is set up under the Research Council Act.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: With leave, next sitting.

THE SENATE CHAMBER

ATMOSPHERIC CONDITIONS

Hon. Mr. Haig: Honourable members, it seems to fall to my lot twice a year to raise some question of privilege. In January or February I pointed out that the chamber was too cold; now that we are approaching July and August, I have to draw attention to the fact that it is too hot. I suggest that before the next sitting of this house something be done to make this chamber a cooler place to work in.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: Otherwise we may decide to wind up and go home and come back after the summer holidays.

Hon. Mr. Paterson: In reply to the honourable Leader of the Opposition (Hon. Mr. Haig), I may state that I tried to find out what could be done to moderate the heat here, and the note I got is that the engineer says there is nothing he can do about it: he has the fans going, and if he puts pressure on the intake the chamber will be filled with dust. We have pointed out to the Deputy Minister of Public Works that some action must be taken right away.

Hon. Mr. Macdonald: It is a choice between heat and dust.

Hon. Mr. Howard: Or mosquitoes.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 2, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

ROYAL CANADIAN MOUNTED POLICE BILL

FIRST READING

A message was received from the House of Commons with Bill 464, an Act to amend the Royal Canadian Mounted Police Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: With leave of the Senate, next sitting.

PRIVATE BILL

CANADIAN SLOVAK LEAGUE—REPORT OF COMMITTEE

Hon. W. D. Euler, (Acting Chairman of the Standing Committee on Miscellaneous Private Bills), presented the report of the committee on Bill N-15.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills to whom was referred the Bill N-15, intituled: "An Act to incorporate Canadian Slovak League", have in obedience to the order of reference of May 27, 1954, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators when shall this bill be read the third time?

Hon. Mr. Connolly: Next sitting.

VOCATIONAL TRAINING CO-ORDINATION BILL

REPORT OF COMMITTEE

Hon. Gray Turgeon (for Hon. Mrs. Wilson, Chairman of the Standing Committee on Immigration and Labour), presented the report of the committee on Bill 326.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Immigration and Labour to whom was referred the Bill (326 from the House of Commons), intituled: "An Act to amend the Vocational Training Co-ordination Act", have in obedience to the order of reference of May 26, 1954, examined the said Bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. Reid: Next sitting.

PUBLIC SERVANTS INVENTIONS BILL

REPORT OF COMMITTEE

Hon. Arthur L. Beaubien, Acting Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 444.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (444 from the House of Commons), intituled "An Act respecting inventions by Public Servants", have in obedience to the order of reference of May 27, 1954, examined the said bill, and now beg leave to report the English version without any amendment.

Your committee beg leave to report the French version of the bill with the following amendments:

1. Page 1, lines 3 and 4: delete clause 1 and substitute therefor:

"1. La présente loi peut être citée sous le titre: Loi sur les inventions des fonctionnaires."

2. Page 1, line 7: strike out the word "public".
3. Page 1, line 10: strike out the word "public".
4. Page 1, line 16: strike out the word "public".
5. Page 2, line 4: strike out the word "public".
6. Page 2, line 10: strike out the word "public".
7. Page 2, line 15: strike out the word "public".
8. Page 2, line 22: strike out the word "public".
9. Page 2, line 25: strike out the word "public".
10. Page 3, line 11: strike out the word "public".
11. Page 3, line 20: strike out the word "public".
12. Page 4, line 6: strike out the word "public".
13. Page 4, line 10: strike out the word "public".
14. Page 4, line 31: strike out the word "public".
15. Page 5, line 6: strike out the word "public".
16. Page 5, line 8: strike out the word "public".
17. In the title: delete the title and substitute therefor the following: "Loi concernant les inventions des fonctionnaires."

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Beaubien: With leave of the Senate, now.

Hon. Mr. Reid: Next sitting.

The Hon. the Speaker: Next sitting.

NAVIGABLE WATERS PROTECTION BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill O-15.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill O-15, intituled "An Act to amend the Navigable Waters Protection Act", have in obedience to the order of reference of June 1, 1954, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Honourable senators, may I ask the house if it will give consideration to having this bill read a third time now? It was fully explained yesterday in the house, and I think it was also explained quite fully to the committee today. The committee made no amendments to the bill. I suggest that third reading should be given today in order that regulations passed by order in council under the Emergency Powers Act, which expired on May 31, may be continued in effect. I believe honourable senators are familiar with the bill and will approve the putting of it into operation as soon as possible. It was initiated in the Senate, and if we give it third reading today it can go at once to the House of Commons.

Hon. Mr. Isnor: May I inquire whether the order in council to which this bill relates did in fact expire on May 31? Is it not among those which will remain in force until 1955?

Hon. Mr. Macdonald: No, it is not valid until 1955; in fact, it is not now in effect. And the regulations passed under it cannot be continued in effect until this bill is passed.

Hon. Mr. Hugessen: Honourable senators, I move the third reading of this bill.

Hon. Mr. Reid: On division.

The Hon. the Speaker: Honourable senators, I must point out that, for the bill to be read a third time now, consent must be unanimous.

Hon. Mr. Reid: Then on this occasion I withdraw my objection.

The motion was agreed to, and the bill was read the third time, and passed.

RESEARCH COUNCIL BILL

THIRD READING

Hon. Mr. Macdonald moved the third reading of Bill 375, an Act to amend the Research Council Act.

The motion was agreed to, and the bill was read the third time, and passed.

BANK BILL

MOTION FOR SECOND READING POSTPONED

On the Order for the second reading of Bill 338, an Act respecting banks and banking:

Hon. Mr. Macdonald: Honourable senators, as you know it was intended that second reading of this bill would be moved today by the honourable gentleman from Toronto (Hon. Mr. Hayden). I have been informed that he was expected to arrive in Ottawa this morning by airplane from Toronto, but owing to weather conditions it was impossible for him to get here. Under the circumstances I would move that the order stand.

The motion was agreed to, and the order stands.

POST OFFICE BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill P-15, an Act to amend the Post Office Act.

He said: Honourable senators, this is quite a simple bill, containing only one section and two subsections. At the present time, in order that a publisher of a newspaper or periodical may take advantage of certain low rates under the Post Office Act, the publication must be posted by the publisher within the postal area in which the place of its printing is situated, or at the place of the head office of the publication. For instance, if a fraternal organization has its head office in Kingston and has a publication printed in Brockville, the publication, with the approval of the Post Office Department, can be posted in either Kingston or Brockville.

The purpose of the bill is to enable a publisher, with the approval of the Postmaster General, to designate some other postal area for posting the publications. As a matter of fact, the publisher may designate several different places throughout Canada for this purpose. Let me give an illustration. A magazine that is published in Toronto may have many of its subscribers living in Vancouver. The present procedure requires the publisher to post the publications in Toronto and have them transmitted by the Post Office authorities to Vancouver for distribution to subscribers in that centre. If he forwards the magazines to Vancouver, for postage at that point, he cannot take advantage of the reduced rates. The amendment contained in this bill will enable the publisher of a newspaper or periodical to send his publication from where it is published to some other point—

Hon. Mr. Hugessen: In bulk.

Hon. Mr. Macdonald: Yes, in bulk. I thank the honourable senator from Inkerman (Hon. Mr. Hugessen) for pointing that out. The publications must be sent in bulk to the outside postal point.

Hon. Mr. Quinn: And bulk postage is paid?

Hon. Mr. Macdonald: Yes. Under the proposed new paragraph (d) (ii) of subsection (1) of section 11 of the act the Postmaster General has to be satisfied:

that the application of this section to the newspaper or periodical when so posted will not adversely affect the postal revenues.

In other words, a publisher may send his newspapers or periodicals in bulk by train, transport or airplane to a postal point, but he may pay the delivery charges by train, transport or airplane to that point. If, for instance, a newspaper or periodical is published in London, Ontario, and most of the subscribers live in Montreal, the publication can be trucked in bulk to Montreal at the publisher's expense and mailed from that point. That method, in certain instances, will assist the publisher, by speeding up distribution. A further advantage is that at the present time, under the International Postal Agreement, Canadian magazines and other publications can be printed in the United States, brought into Canada, deposited at any post office, and distributed at the reduced rate. Canadian publishers, however, are at a disadvantage in comparison with United States publishers. American periodicals published, say, in Buffalo, may be flown to Vancouver and distributed on the day of arrival, but periodicals published in Toronto would probably go by train to Vancouver, and there transmission and distribution would take longer.

I wish to point out—and the honourable senator from Bedford-Halifax (Hon. Mr. Quinn) brought this to my attention—that, as specified in the amendment, transmission of newspapers and periodicals by mail must not adversely affect postal rates and postal revenues.

I commend the bill to this house for favourable consideration.

Hon. Thomas Reid: Honourable senators, when the earlier Post Office Bill came before us, in February, we were told that certain matters would be reviewed and studied further, and particularly the point now under discussion. I am not quite clear as to exactly what this bill implies, but I understand that publishers may send newspapers and magazines in bulk to a certain point for distribution at a cheap rate, and from that point they can be distributed within a radius of forty miles free of charge. I mention the forty-mile radius because an honourable senator, who is a publisher, stated in committee that was so. I would like to ask the Leader of the Government (Hon. Mr. Macdonald) a question. If a publisher sends publications in bulk, say from Toronto to New Westminster, does the act provide for distribution within a radius of forty miles free of charge?

Hon. Mr. Macdonald: The only change that the bill makes in the act is the one which permits the depositing of newspapers and periodicals in the mails at a place other than where they are published, provided there is no adverse effect on the postal revenues.

Hon. John T. Haig: Honourable senators, may I ask the Leader of the Government a question? Some thousands of copies of *Maclean's* magazine, for example, come to the city of Winnipeg. Would the cost to the publisher be less if he sent my copy of the magazine as part of a bulk shipment to Winnipeg, to be distributed by the post office there, than if he posted it in Toronto, addressed to me?

Hon. Mr. Macdonald: The answer is that the rate would not be less. Otherwise it would contravene the last few words of the bill, that the change will not adversely affect the postal revenues.

Hon. Mr. Euler: The rate would not be less in any event.

Hon. Mr. Haig: Honourable senators, I have a few words to say on this bill. I was puzzled about one or two matters when Bill 168, which also amended the Post Office Act, was before us earlier in the session, and I am still not clear on them. And because of the stand I took when that bill was under consideration, I have been accused as a pickpocket by most of the newspapers in this country, including the Ottawa *Journal*.

Hon. Mr. Euler: So have I.

Hon. Mr. Haig: I honestly feel that next session the Senate should examine the whole postal picture, and find out what is being done about newspapers and periodicals.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Haig: There is a woeful absence of understanding as to the regulations affecting the mailing of catalogues by wholesale and retail houses. In my opinion, we owe it to the people of Canada to make a complete investigation of the functions of the post office.

I compliment the Leader of the Government (Hon. Mr. Macdonald) upon his clear and fair explanation of the bill now before us, and I intend to vote for it. I feel it will be beneficial to the people in the outlying parts of Canada.

Hon. Mr. Macdonald: And it will be of assistance to Canadian publishers of magazines as opposed to publishers in the United States.

Hon. Mr. Haig: Yes. Incidentally, I get my copy of *Time*, which is published in the United States, more promptly than I do *Maclean's* or *Saturday Night* from Toronto.

Some honourable senators have complained about lack of work, and it has been insinuated in another place that we do nothing anyway. Here is an opportunity to do a public service by investigating the Post Office. I am not criticizing the present government, for I feel it is carrying out the policy of preceding governments, but I think the people of Canada have a right to know the facts about postal matters. If, after investigation, they want to leave things as they are, that is all right with me. But I think that at present nobody apart from the Postmaster General and the Deputy Postmaster General knows the actual facts. I am sure all my friends in this house from the East and from the West would be willing to serve on a committee set up to make such an investigation. We would then have some work to do on Fridays, Saturdays, Mondays and Tuesdays—

Hon. Mr. Quinn: Hear, hear.

Hon. Mr. Haig: —besides just going upstairs to eat three times a day and doing nothing the rest of the time.

Hon. Mr. Howard: You might get some more divorce cases.

Hon. Mr. Haig: Such an investigation would at least give the people of Canada authentic information on postal matters.

Hon. Thomas Reid: Honourable senators, I rise on a question of privilege in response to the suggestion by the Leader of the Opposition (Hon. Mr. Haig) that we have nothing to do for three or four days of the week. That statement affects almost every honourable senator, but it is for each to speak according to his own conscience. For my part, I know that I do as much work in those days of the week as any member of parliament.

Hon. Mr. Euler: You certainly do.

Hon. Mr. Haig: I think so too.

Hon. Mr. Reid: It is incorrect to say that when we are not sitting in this chamber we are not doing anything. Any senator who is carrying out his duties with sincerity must have considerable correspondence with people in his riding and elsewhere who are interested in the business of the country conducted in Ottawa.

I know something about what goes on in the House of Commons—I was there for some twenty years—and I also know what goes on in this house. Therefore, I speak with knowledge of the facts when I say that I am just as busy as any member of the other house.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Honourable senators, before moving the adjournment of the house I would point out that the first order of business tomorrow is the second reading of the Canadian National Railways Bill. I understand it is the intention of the honourable senator from Grandville (Hon. Mr. Bouffard) to proceed with an explanation of the bill at that time. I also expect that the honourable senator from Toronto (Hon. Mr. Hayden) will be in his seat tomorrow and prepared to proceed with an explanation of the Bank Bill. I do not know whether other measures may come to this house in the meantime, but we have at least those two important pieces of legislation to consider.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 3, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

BANK OF CANADA BILL

FIRST READING

A message was received from the House of Commons with Bill 297, an Act to amend the Bank of Canada Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Hugessen: Tuesday next.

CROWN CORPORATIONS EMPLOYEES SUPERANNUATION BILL

FIRST READING

A message was received from the House of Commons with Bill 461, an Act to amend certain Acts respecting the superannuation of Government employees transferred to Crown corporations.

The bill was read the first time.

The Hon. the Speaker: When shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

QUEBEC SAVINGS BANKS BILL

FIRST READING

A message was received from the House of Commons with Bill 419, an Act respecting savings banks in the province of Quebec.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

WAR SERVICE GRANTS BILL

FIRST READING

A message was received from the House of Commons with Bill 82, an Act to amend the War Service Grants Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

DIPLOMATIC IMMUNITIES (COMMONWEALTH COUNTRIES) BILL

FIRST READING

A message was received from the House of Commons with Bill 373, an Act to provide diplomatic and consular immunities for Commonwealth representatives in Canada.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

ATOMIC ENERGY CONTROL BILL

FIRST READING

A message was received from the House of Commons with Bill 393, an Act respecting the Atomic Energy Control Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

FEMALE EMPLOYEES IN CIVIL SERVICE

NOTICE OF INQUIRY

Hon. Muriel McQ. Fergusson: Honourable senators, I would like to direct the following inquiry to the Leader of the Government (Hon. Mr. Macdonald):

1. What was the number of permanent and temporary female employees in the federal civil service as of October 31, 1953?
2. How many of these employed women are single?

Hon. Mr. Macdonald: I shall endeavour to get the information asked for by the honourable senator, and will give it to the house as soon as I have been able to obtain it.

SUSPENSION OF RULES

Hon. W. Ross Macdonald moved:

That for the balance of the present session Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

The motion was agreed to.

PRIVATE BILL

CANADIAN SLOVAK LEAGUE—THIRD READING

Hon. Mr. Connolly moved the third reading of Bill N-15, an Act to incorporate Canadian Slovak League.

The motion was agreed to, and the bill was read the third time, and passed.

VOCATIONAL TRAINING CO-ORDINATION BILL

THIRD READING

Hon. Mr. Reid moved the third reading of Bill 326, an Act to amend the Vocational Training Co-ordination Act.

The motion was agreed to, and the bill was read the third time, and passed.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, before we proceed further with the business on the Order Paper may I be permitted to revert to notices of motions to move that when this house rises today it stand adjourned until Tuesday afternoon next at 3 o'clock.

The motion was agreed to.

POST OFFICE BILL

THIRD READING

Hon. Mr. Macdonald moved the third reading of Bill P-15, an Act to amend the Post Office Act.

The motion was agreed to, and the bill was read the third time, and passed.

PUBLIC SERVANTS INVENTIONS BILL

REPORT OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the report of the Standing Committee on Banking and Commerce on Bill 444, an Act respecting inventions by public servants.

Hon. Mr. Beaubien: Honourable senators, I move that this report be concurred in now.

The motion was agreed to.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Beaubien: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

BANK BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill 338, an Act respecting banks and banking.

He said: Honourable senators, this bill does not deal with something that is new, because since 1871 the Bank Act has been revised every ten years, except on three or four occasions, and the act has become a fairly well-known document by this time. On each of those three or four occasions, for one reason or another, the regular decennial revision was moved back a year, and that may be why the present revision is being made in 1954 instead of having been made in 1951.

By and large, the Bank Act may be regarded as providing the rules of the game for the operation of banks in Canada. In the act will be found the chief rules of play and as well, the privileges which the banks may enjoy during the ten years they are empowered to carry on business. The Bank Act is therefore, an important document. In keeping with developments in our Canadian economy the provisions of the act have been changed and improved from time to time as the act has come before parliament for revision; and in that way a certain stability and also a flexibility in banking operations have been made possible.

Another general observation I wish to make is that by considering the Bank Act from time to time and incorporating certain changes therein we do not thereby dispose of the questions so far as the Canadian economy is concerned, because while our monetary policy and principles must represent as wise a consideration as we can give to the situation, there are other factors which must be integrated with a sound monetary policy. One factor that I think of at once, and I am sure honourable senators will too, is a sound fiscal policy. We are all aware of the play of forces as between a monetary policy and a fiscal policy and the need for a proper integration of both. From time to time monetary policy may be in the ascendancy, with the emphasis there; at other times fiscal policy may be in the ascendancy, with the emphasis there. Of course, back of that we have the influence of foreign trade on our economy and, therefore, upon both our monetary and fiscal policies, because certainly Canada is one country that must enjoy a substantial measure of trade in foreign markets, if we are to prosper and maintain our present high standard of living. And when I speak of foreign trade, I mean foreign trade as a two-way street, not as a one-way street. That is where problems of currency and monetary policy come in.

We have, therefore, to consider a blend of these various factors. If we are to have a sound and progressive economy not only in our monetary policy, as it may be reflected in our Bank Act and other financial legislation, or in the fiscal policy as it may be reflected in our tariffs, statutes and agreements, we must keep foremost in our minds the impact of our expanding foreign trade upon other things we are dealing with. It is only by the proper blending of all those factors that we will continue to have as we have had for a great number of years, an ever expanding and progressive economy

with a high standard of living. The surest way of debasing that standard of living and of drying up the economy of this country would be by adopting a foreign trade policy which would stifle markets abroad and make it too difficult for foreign countries to trade in the Canadian market.

I should like now to give a little history of banks and banking in Canada. In this connection I strongly recommend to honourable senators the historical background of our banking system which the Minister of Finance gave on second reading of this bill in the House of Commons. Some of the facts which he stated make an interesting premise for the several proposed changes that I shall discuss this afternoon. For instance, in 1867, at the time of Confederation, there were in Canada twenty-nine bank charters which were either active or to become active; and in addition there were three bank charters in Prince Edward Island and one in British Columbia. All of these provincially-incorporated banks were endorsed, validated and continued when the provinces concerned became part of the Dominion.

The first federal Bank Act was passed in 1871. Since Confederation some 77 banks have obtained charters, of which 39 actually commenced business. Out of a grand total of 72 banks—that is, the 33 which were chartered before Confederation and the 39 which actually started operation after Confederation—26 failed and 35 were absorbed by other banks. Of the 26 failures, half of them were wound up without loss to the noteholders and depositors; in the remaining 13 cases the depositors suffered some loss.

The last bank failure in Canada, that of the Home Bank of Canada, occurred in 1923. I can well recall that failure, for I have said many times since that it taught me how not to run a bank. Although I was young in the practice of law at that time, I was identified with persons who were engaged in prosecuting the directors of the bank. I will not say that the ultimate results of the prosecution were successful—if the success or failure of a criminal prosecution can be measured—but I venture to say that the public at large, the Department of Finance, public men, and bankers learned a good deal from that bank failure. Although there has not been a failure since, there have been some absorptions. Many of the safeguards incorporated in the Bank Act at present were introduced as a result of information that was made available in the study and investigation of the operations of the Home Bank.

In the last forty years only two bank charters have been granted. Like many others of you I can only claim to have been present in parliament on the occasion when one of them was granted, which was last session.

Today eleven chartered banks are operating in Canada. At various times during the period since Confederation the number has been substantially larger. For instance, in 1890 there were 38.

Hon. Mr. Reid: How many charters are there still in existence?

Hon. Mr. Hayden: I cannot tell you. The mere fact that a charter is in existence does not mean very much; but in order for a charter to be effective the bank in question must conform in its operations to all the requirements of the Bank Act. As my honourable friend will recall, when we were considering the bill to incorporate the Mercantile Bank last session, one of the requirements was that the bank had to have a paid-up capital of not less than $500,000. That was a condition that had to be met before that bank could start operating. Many an institution that is born in a hurry or merely in some person's imagination subsequently realizes the difficulty of getting enough money to start operations. So, if there are any unused bank charters lying around at the present time—and, frankly, I would be surprised to know that there are—they do not present any problem, because the rules for admission to the "Banking Society of Canada," as prescribed in the Bank Act, are rather rigid.

Now, I would like to cite a few figures indicating the successful operations of the banks. I think that the system of branch banks has been of great value in the development of Canada. We have today nearly four thousand branch banks, penetrating into every phase of industrial and agricultural life in the country, and their earnings reflect the developments in their respective areas. These branches are like tentacles reaching out into every part of Canada. Wherever there is an actual or proposed development, we find branches of banks offering their services and facilities to the area, and assisting in that fashion in the development of our economy. To that extent the banks in the form in which they operate in Canada provide, in my opinion, an excellent and unsurpassed service.

Prior to 1900 most of the development in Canada took place as a result of the loaning facilities of banks. Since that time, of course, investment banking has come to the fore and large sums of money on a more or less permanent basis have been poured into the economy of Canada. That has led to the great development which we have made over the period since 1900. The banks, of course, had their share in that. Up to 1944 the banks

held a larger percentage of their resources in securities in loans, but I think that today the percentage of their resources in bank loans is higher than the percentage in securities. In 1929, for instance, I think the total of the loans by the banks amounted to $2·3 billion, and the gross national income at that time was about $5·9 billion. In 1953 bank loans amounted to over $4 billion, and the gross national income was $24·2 billion. The banks today have on deposit over $5 billion. Those figures will give some idea of the development which has taken place in banking facilities, and the development of the banks themselves and of their ability to assist Canadian industrial and agricultural operations.

After that preliminary statement I will now get down to the bill which is before us. The bill does not make many important changes in the present Bank Act. I should say that there are two principal changes so far as the public are concerned. The first is the change in the minimum cash reserves required as a protection against Canadian dollar deposits in the various banks of Canada. At present the requirement for maintenance of these cash reserves is on the basis of five per cent of the total of the daily Canadian dollar deposits. Under this bill when it becomes law, the banks will have to maintain cash reserves of not less than eight per cent of their monthly average of Canadian dollar deposit liabilities, and in section 71 you will find the formula spelled out for determining the cash reserves. The minimum requirement is that each bank must maintain eight per cent of its Canadian dollar deposit liabilities as a cash reserve in the form of a deposit with the Bank of Canada and of Bank of Canada notes held by the bank. A complementary provision in the Bank of Canada Act, about which we shall be hearing shortly, states that the Bank of Canada may vary that requirement for cash reserves from eight per cent to twelve per cent.

That places a fairly strong weapon in the hands of the Bank of Canada for controlling the amount of cash available from time to time for general banking purposes, because if the Bank of Canada increases its requirements for the deposit of cash reserves, then of course less money will be available for loaning. Another way in which the Bank of Canada may control the situation is by buying and selling Canadian securities in the market. If it wants to put more money for general banking purposes into the market, the Bank of Canada can do so by buying government securities. If for some reason or other consistent with sound economy in Canada it wants to reduce the amount of cash available, it may then sell government securities. In that event, of course, the cash used for this purpose will lessen the amount available for general banking purposes.

I am informed, by those who know, that this requirement of even eight per cent will not work any hardship on the banks, because it is their usual practice to maintain a deposit of about ten per cent.

Hon. Mr. Reid: Can the Bank of Canada control credit?

Hon. Mr. Hayden: Well, the controlling of credit develops in a different way. We had an instance of that a couple of years ago when, as a part of the anti-inflationary program, the Bank of Canada asked the various banking institutions to exercise more control over the credit which they were giving; and then it made certain regulations to accomplish that purpose. Some regulations also were introduced by the banks themselves, not handed down by the Bank of Canada. Apart from the requirement as to cash reserves, and the ability of the Bank of Canada to influence, by buying and selling securities, the amount of cash available in the market, the Bank of Canada has little if any direct control of the operations of banks. But at that time, for purposes of general policy and to combat anti-inflation, the banks established in connection with their loaning policies certain rules, whereby a restriction was placed upon the amount of money that was made available.

Hon. Mr. Haig: Before the honourable senator leaves that point, will he tell us whether the issue of $550 million which the government sold the other day, and which I call bankers' loans, may be used by the banks for coverage purposes?

Hon. Mr. Hayden: No. My understanding of the form in which the cash reserves are required to be maintained is that they must be deposited with the Bank of Canada, and once determination has been made, under the formula set out in section 71, of the amount of average monthly cash reserves, those reserves will be made up by cash deposits with the Bank of Canada, plus notes of the Bank of Canada which are held by the various banks. The sub-total will equal the amount of the cash reserves calculated under the formula.

The other section which importantly affects the public by extending to the banks the power to loan money on improved real estate, is one of which honourable senators already have knowledge, because earlier this session the Senate had occasion to deal with the National Housing Act. We are familiar with the provisions under which the banks are enabled, if they so wish, to go into the

business of loaning money on improved real estate under some national housing program. A loan approved by the National Housing authority may be made by a bank, subject to certain protective conditions. Transactions so authorized may, I think, briefly be described as the acquisition by banks of what can be termed "insured mortgages". Maybe I have a distorted sense of humour, but I always supposed that an insured mortgage is one which is insured to the extent of 100 per cent. I notice, however, in looking at one of the returns which the banks are required to make, in Schedule "M", at page 86 of the bill, the following item:

15. Mortgages and hypothecs insured under the National Housing Act, 1954, less provision for estimated loss.

So I repeat that, though my sense of humour may be slightly perverted, it strikes me as strange to talk about "insured mortgages" and then require the banks to make returns from time to time showing the amount of these securities "less provision for estimated loss". No doubt there is some explanation, and we may expect to have it when we get to the committee stage. In the meantime I thought I should draw attention to the point.

I do not propose at this time to say anything about banks venturing into the improved real estate market, except to remark that it taps a new and substantial source of money for a solid national purpose, namely, the provision of housing for large sections of our population. Certainly in one sense an expansion of the definition of "liquidity" is required if we are to retain our old-fashioned concept of a bank: for that concept, which was incorporated in the Bank Act in 1871 and has persisted right down to today, was that banks could not lend money on real estate. But progress demands change. It may be that the safeguards which surround the investment by banks of money under the National Housing Act of 1954 are sufficient, and that the essential liquidity of the banks will be maintained. It is my personal conviction that, in the light of the appreciation which the government must have of today's needs, and the objects which the banks and the public hope will be realized through the change, we have no need to feel too much concern.

Under this bill the charters of all banks will be extended another ten years. Coincidentally, I think I should point out, a sort of safety provision appears for the first time. By section 6, if parliament should not sit at least twenty days in June, 1964, the Bank Act, which is limited to ten years, and the banks' right to operate, which is restricted to the same period, will be automatically extended until sixty days after the next parliament convenes—that is, the parliament which would meet in the following year. The idea is that, if parliament will not be sitting long enough in June 1964, when the present bill will expire, there shall be an automatic renewal for a limited period thereafter. That seems to me to be a wise precaution.

I should also point out that, by virtue of section 75, subsection (2), there is a prohibition of any note issue by any bank.

I would also direct attention to section 82, which extends the powers of the banks to the making of loans for oil "in, under or upon the ground". A definition of "hydrocarbons" is contained in the definition section. That definition, it will be observed, is very broad, the design being, of course, to assist in the development of the oil resources of Canada—a project which had not progressed sufficiently in 1944, the date of the last revision, to require this provision in the measure which was passed at that time.

Let me also call attention to section 88, subsection (1). This is a clause which everybody talks learnedly about. By an addition now made to it the banks may lend money to farmers for the purchase of seed potatoes. This fact may astonish some people whose occasional experiences with banks have led them to feel that the provisions in this section must be extremely limited because they could not borrow money. But I believe that a reading of the provisions will convince anybody that they are very broad indeed and that the failure to borrow in any particular instance must have been due to the fact that the bank was not then in a lending mood.

I should like now to deal with an amendment that was introduced in the Banking and Commerce Committee of the House of Commons. I refer to section 75, subsection (6) of the bill, which reads as follows:

(6) Paragraphs (b) and (d) of subsection (2) do not apply to the lending of money or the making of advances upon the security (whether by way of mortgage, transfer or otherwise) of household property, that is to say, motor vehicles and any personal or moveable property for use in or about dwellings and lands and buildings appurtenant thereto, to any individual other than a manufacturer thereof or dealer therein, or to the purchase, subject to a right of redemption, of such household property from any such individual.

That provision is broad in its application. For instance, the United States federal housing authority, which makes housing loans in a fashion similar to the housing loans made under Canada's National Housing Act, contains a small loans improvements provision. Recent investigations in that country have

disclosed that all kinds of extraordinary applications have been made under this provision, including, for example, applications involving the construction of barbecues in back yards of private properties.

Under the legislation now before the Senate, the definition of household property could be extended to apply to all kinds of movable home appliances. This fact causes me to wonder whether we are not just going too fast too quickly here; but this is only a thought I throw out and I am sure we can explore this matter fully in committee.

Hon. Mr. Reid: May I interrupt the honourable gentleman to ask a question at this point?

Hon. Mr. Hayden: Certainly.

Hon. Mr. Reid: It seems strange that the banks refuse to lend money on motor cars, in view of the fact that they do lend money to finance companies which in turn advance money against cars. Banks support small finance companies all over Canada which lend money for the purchse of cars. In other words, the banks indirectly lend money on motor cars. Has any consideration been given to that fact?

Hon. Mr. Hayden: Of course, under section 88 of the act our banks, with or without security, regularly advance loans supplementing, for instance, the working capital of automobile manufacturing plants or even large dealer organizations. The bill authorizes the banks to make loans to individuals on motor cars, but the honourable senator from New Westminster (Hon. Mr. Reid) refers to loans to finance companies which in turn make loans to individuals for the purchase of automobiles.

Hon. Mr. Euler: Is there any limitation as to the value of a car on which a bank may advance a loan?

Hon. Mr. Hayden: There is nothing in the bill to that effect, but I presume that is being left to the good judgment of the bank administrators.

Hon. Mr. Lambert: Was it under this section that a discussion as to the legality of these loans arose in the other place, when it was stated that in the eyes of one bank the practice of making these small loans was legal and in the eyes of another bank it was illegal?

Hon. Mr. Hayden: I could not say. Under this amendment chattels are allowed to be accepted as collateral for bank loans. This amendment was made in the committee of the other house.

Hon. Mr. Euler: Do the banks want this provision?

Hon. Mr. Hayden: I can only say, as my honourable friend has probably read, that one bank strongly supports it.

I come now to a group of sections dealing with the internal administration of banks. I have already referred to one of these sections, section 6, which provides that if parliament sits on at least twenty days in June, 1964, the bank may carry on the business of banking until July 1, 1964, and no longer; and if parliament does not sit on at least twenty days during June, 1964, the bank may carry on its business until the sixtieth sitting day of parliament next thereafter, and no longer.

I should like to deal now with the requirements demanded of a bank desiring to incorporate under the Bank Act as and when the bill becomes law. Sections 10 to 13 provide for an increase in the minimum authorized and subscribed capital of a new bank. At the present time a bank must have a subscribed capital of $500,000 and a paid-up capital of $250,000, whereas according to the bill before the house a bank will have to have a subscribed capital of $1 million and a paid-up capital of $500,000. To my way of thinking this is a perfectly logical change. Banking is bigger business today, and if a bank is going to get anywhere at all it cannot start operating unless it has a sizeable amount of capital.

Hon. Mr. Haig: I think that is the answer.

Hon. Mr. Hayden: I come now to section 21, subsection (4), which provides that a person is not eligible to be elected or appointed a director of a bank after July 1, 1959, if he has reached the age of seventy-five years. I suppose the fact that this provision will not become effective until 1959 will give some measure of security to bank directors who are now seventy-five years of age and who would like to continue in office for a short time more. This intrusion on age limits is a sort of—

Hon. Mr. Reid: It is a start anyway.

Hon. Mr. Hayden: Well, it is a creeping sort of thing that may have dangerous implications.

Some Hon. Senators: Oh, oh.

Hon. Mr. Reid: It may creep into the Senate some day.

Hon. Mr. Hayden: I should like now to draw the attention of the Senate to sections 36 to 39, which cover the offering or issuance of new shares of capital stock to resident and

non-resident shareholders. The security laws of some foreign countries are such that those jurisdictions require the filing of a great deal more information than is required here in Canada. The committee of the other house amended this section so that a bank, in offering shares for sale, will not be obligated in the same way when dealing with non-resident shareholders as when dealing with resident shareholders. If there is some delay with respect to an increase in capital from countries outside Canada, that will not interfere with the proceedings for increasing the capital in Canada. If non-resident shareholders ultimately do not exercise their rights, there are provisions in the bill as to what is to be done about the shares, and payment to the non-resident shareholders.

Section 48 enables the banks for the first time to establish by by-law the selection of a method for transferring their shares. Heretofore, and down to the present time, a bank was its own transferee and could not have an outside transferee. I understand that the reason for that was that when bank shareholders had a double liability the premise on which the double liability was based was that the banks had a liability both to their depositors and to their noteholders, and therefore anybody who dared to be a bank shareholder assumed a double liability and could be called on, in the event of a bank failure, to pay 200 per cent of the value of his shares. Even as late as 1923, when the Home Bank failed, some of the shareholders were called on in this way. It will be seen that as long as double liability prevailed the greatest care had to be exercised in the transfer of shares. But with the present capital set-up there is no reason why banks should differ from other companies in their method of transferring shares.

Hon. Mr. Reid: Does the bill provide that the majority of shares held in Canada shall be held by Canadians?

Hon. Mr. Hayden: No; but there is a provision that the majority of the Board of Directors must be British subjects resident in Canada.

Hon. Mr. Euler: May I ask a question? Under the present practice, and I think probably it is according to the law, banks do not issue a stock certificate in the ordinary sense of the term, as other corporations do; and if a man owns bank stock he cannot transfer it by simple endorsement. I cannot see why that should be so. Does the bill provide for that? I think bank stocks should be transferable like corporation stocks or any other stocks.

Hon. Mr. Hayden: I have not examined the bill on that point, and I am not aware of any provision which would treat bank share certificates differently from those of any other company; but I would say that if banks no longer had any authority to issue notes and there remained only their liability to depositors, all reason for this close scrutiny would be removed.

Hon. Mr. Haig: May I ask a question? Is it not true that most companies require a signature for the transfer of stock?

Hon. Mr. Hayden: Yes; and an ordinary power of attorney form may be used. On the back of the certificate there is a space for guarantee of the signature.

Hon. Mr. Euler: The bank enters your name on its records and sends you a letter or some form of certificate saying that you are the owner of so many shares, but you cannot transfer your stock by simple endorsement of that document. I do not see why that should be the case.

Hon. Mr. Hayden: You cannot do that under the present Bank Act.

Hon. Mr. Euler: By the change that is proposed, I understand, it is made optional, and I do not see why it should be optional.

Hon. Mr. Hayden: Whether it is optional or not, I am sure the banks will establish as convenient a method as possible.

Hon. Mr. Bouffard: I understand that every bank has a lien on the shares of its shareholders for any indebtedness they may incur with the bank. Is that not the reason why the banks do not issue certificates?

Hon. Mr. Hayden: That provision is continued in this bill. If a person borrows money from a bank, and is in default, the bank may demand payment, and if the debtor is a shareholder the bank has a lien on his shares.

Hon. Mr. Bouffard: I think that is the reason the banks cannot issue share certificates which may be transferred by simple endorsement.

Hon. Mr. Hayden: I still maintain my view that the substantial reason was the double liability provision, because the other reason will still exist.

Turning now to section 74, subsection (1) reduces the length of time that banks are required to keep old records. Under the existing act the period is thirty years, but the bill reduces this to twenty years.

May I now draw attention to section 75(2)(g), which provides for a change in the restrictions on pension fund investments. At

present there are fairly elaborate restrictions on the investment of pension funds by banks, and they are confined to trustee investments. Apparently it has been left to managers of pension funds to exercise their own discretion in investing them, but the bill provides that without the consent of the Treasury Board the banks shall not contribute money to any pension fund if any part of the fund has been invested in bank shares. This provision guarantees to keep every bank pretty effectively out of the business of marketing any bank shares in its own pension fund or that of other banks. If it were not for this provision, it is conceivable that ultimately one might wonder which bank had sold to the other. Section 75(2)(g) simply says that the bank shall not, directly or indirectly,

(g) except with the consent of the Treasury Board, contribute to any guarantee or pension fund if any part of the fund has, at any time after the coming into force of this act, been invested in shares of the capital stock of a bank.

I turn now to section 100 of the bill, which makes provision for the amalgamation of two or more banks.

Hon. Mr. Lambert: Before the honourable senator turns to another section, would he tell us whether the provisions dealing with loans to directors as set out in subsection (3) of section 75, are in keeping with the present law?

Hon. Mr. Hayden: A comparison of this provision in the bill with the act will indicate some small change in the wording.

Hon. Mr. Lambert: Does this subsection restrict the bank in its loans to directors more than the present law does?

Hon. Mr. Hayden: I can answer my friend very quickly by quoting the words of subsection (3):

A director of the bank shall not be present or vote at a meeting of the board during the time at the meeting when a loan or advance to himself or a firm of which he is a member or a corporation of which he is a director is under consideration, unless the loan or advance is to a corporation controlled by the bank, all the issued capital stock of which, except the qualifying shares of directors, is owned by the bank.

Hon. Mr. Lambert: It is the same.

Hon. Mr. Hayden: Yes.

Hon. Mr. Roebuck: May I be permitted to ask whether it is intended by paragraph (g) of subsection (2) of that section that if the pension fund has a single share of bank stock in it, from that point on no contribution can be made? That is what I infer from the paragraph.

Hon. Mr. Hayden: That is what it says—except with the consent of the Treasury Board.

Hon. Mr. Roebuck: Even though the bank shares have been sold?

Hon. Mr. Hayden: If any shares come into the pension fund after the passage of this bill, from that point on the bank cannot make a contribution to that fund without the consent of the Treasury Board.

Hon. Mr. Roebuck: And that will be the case for perhaps the next ten years?

Hon. Mr. Hayden: Yes. Whether that is intended and, if it is intended, whether it should be so, is something that I would not attempt to answer. It may be advisable to have that provision spelled out to make its meaning quite clear, and that is something we can discuss in committee.

Hon. Mr. Burchill: As a matter of information, do I understand correctly that it is now permissible for banks to invest pension funds in any type of security, with the exception of bank stocks?

Hon. Mr. Hayden: Do you mean under the existing law or under the bill?

Hon. Mr. Burchill: Under the proposed new law, are there any investment restrictions apart from bank stock?

Hon. Mr. Hayden: Under the present law the bank is restricted in the type of investment it may make to securities in which a trustee may invest under the Trust Companies Act.

Hon. Mr. Burchill: And that will obtain under the new legislation, will it?

Hon. Mr. Hayden: I do not think so.

Hon. Mr. Burchill: Is there no restriction under the new legislation?

Hon. Mr. Hayden: It would be a matter for the judgment of the managers of the fund.

I come now to section 100, which provides for the amalgamation of two or more banks. First may I say that banks are permitted to transfer a certain amount of surplus moneys out of their operations to their reserves, and it is the duty of the Minister of Finance each year to certify as to whether there has been any excess transfer of funds. If in his opinion there has been, income tax is levied on the amount of excess so transferred. I recall only one case of that kind in the past ten years. That provision is not being changed.

Heretofore a provision in the Income Tax Act has acted as a practical barrier against the amalgamation of two banks, in that the undistributed income on hand in each bank at the time of winding up was taxable at the current rate. The change proposed in

this respect would permit two banks to amalgamate, to become an entity, to be given a name and operate under its own charter; and the assets that before amalgamation belonged to both organizations would become the property of the newly amalgamated bank. That overcomes the danger of the application of that provision of the Income Tax Act in relation to undistributed income. In keeping with my policy in the past, I should say rather that the section is intended to overcome the effect of the provisions of the Income Tax Act.

Hon. Mr. Aseltine: But does it do that?

Hon. Mr. Hayden: I am not saying whether in my judgment it does or does not.

Hon. Mr. Euler: Leave something to the lawyers.

Hon. Mr. Hayden: I come next to section 109, which deals with unclaimed balances. Under the present law, banks are required to report unclaimed balances in their hands which have accumulated over a period of five years in which the depositors have not been heard from. A good deal of work has been involved each year in compiling and submitting the necessary information. Section 94 requires, in any event, that at the end of ten years all the unclaimed balances must be paid over to the Bank of Canada. The amendment to the existing law by section 109 requires the bank to report unclaimed balances after nine years. In these circumstances, they would be reporting for only one year; then they would pay the money over and be rid of the unclaimed balances.

By and large, honourable senators, those are the provisions in the bill which mark changes in the present law, both in the relationship of the banks to the public and in their internal administration. That does not mean, of course, that there are not a great many other changes in the various sections of the bill, some of which are consequential upon the making of the changes which I have discussed with you, and some are a rewriting of the language making them more consistent with present-day company practice. These details I do not feel are of sufficient importance to discuss on the second reading of the bill. For that reason, I have refrained from mentioning all of the minute changes and differences in the law which are incorporated in the bill. Those I have discussed are, as I have said, substantial changes, and having dealt with them, I have concluded the task which I took upon myself today of explaining this bill on second reading.

Some Hon. Senators: Hear, hear.

Hon. Mr. Quinn: Would the honourable senator answer one further question? What became of unclaimed balances previous to the regulations which compel the banks to turn the moneys over to the Bank of Canada?

Hon. Mr. Hayden: Of course the Bank of Canada was set up in, I think, 1935.

Hon. Mr. Lambert: 1934.

Hon. Mr. Hayden: Perhaps it started operations in 1935. Prior to that time my recollection is that the moneys went to the Consolidated Revenue Fund, but I am not at all clear on that point.

Hon. R. B. Horner: Honourable senators, we all enjoy hearing the honourable senator from Toronto (Hon. Mr. Hayden) explain a bill, and I must say that this afternoon I have been a very attentive listener. Of course, his explanation and discussion of the bill were entirely from a banker's point of view. I would now like to make a few remarks from the point of view of a customer of the banks.

Honourable senators may remember that ten years ago, when we were engaged in the decennial revision of the Bank Act, I made some remarks. While I will admit that I have made some statements in this chamber that I am not too proud of, I really am proud of the statements I made on that occasion. I am firmly convinced that they were of immense value not only to western Canada, but to every municipality, provincial government and, I am happy to say, to the banks themselves. I complained of the banks' lack of business ability, foresight and faith, if you will, in western Canada. I criticized them for some very unnecessary losses they had incurred, and pointed out that some of their creditors whom they had allowed to settle for twenty-five cents on the dollar were then embarrassing the banks with the amount of cash they had on deposit, and I quoted a few cases.

I suppose that when the honourable senator from Toronto (Hon. Mr. Hayden) calls on his banker the discussion will not be along the same lines as when I call on my banker. I may say that for many years when I went to see my banker it was for the purpose of borrowing some money.

What I have to say today, honourable senators, I hope will find its way into the minds of the young men of this country. To give background to my story, let me say that I was a young man forty-eight years ago when I arrived in western Canada with only a dollar in my pocket and secured a job. From that time on I certainly enjoyed handling a

great deal of the banks' money, and even encouraged the banks to break many banking regulations in rendering me service.

I say to the young men of today that the banking set-up, like many other institutions, has to depend a great deal on human relations between the managers and their customers. Now, when you approach a bank manager, of course money is generally the subject of conversation. I have had a bank manager slam his books shut in front of me, with the advice that my whole proposition was not a banking proposition and could not be considered, but I did not get up and leave his office. I was quite determined and I argued with him that it was strictly banking business, that banks were in business to lend money and I was able to pay the interest. Of course, I was told that there were some regulations that the banks had to abide by. I insisted that there must be some exceptions. I told him how I had come out west with only a dollar in my pocket, but if I got the money I would see that it was repaid.

I remember a rather amusing incident concerning a bank, which occurred some forty-five years ago when the railroad was being pushed westward. As the honourable senator who explained the bill this afternoon said, the banks were right there to open a branch as soon as there was a possibility of business and a chance to render a service to the community, and I give them all credit for that. The bank I refer to had sent a manager from the city of Winnipeg to open a branch in the new community. Of course, many of you here have heard of the city of Winnipeg and have an idea where it is located. Well, forty-five years ago Winnipeg was "Baghdad-on-the-Rhine" so far as the western provinces were concerned. It was the home of the grain exchange, the packing plants, the livestock market and so on. It can easily be seen that a banker trained in Winnipeg should be quite capable of managing the new branch; he had only to inquire what racket his customer was in to know whether it was a sure-fire business and he was a good risk. However, when he travelled five or six hundred miles further west and came among people from all parts of Canada and the world, he was in a somewhat different position. However, that was the situation when I decided that instead of borrowing money in the east, I would borrow it in the west where I was going to live; I wanted to start in right away to patronize the bank which had moved in to accommodate us. I spent one full day with this manager arguing back and forth, quarrelling at times over what I was asking him to do. He insisted that I borrow the money for only three months and I countered by saying that I did not have any chance in the world of repaying the loan within that time, that I needed it for at least a year. But the banker said no. He took me out to lunch, and we talked further about my business of shipping horses. He wanted to know if I had ever been in the United States. I could tell that the man was greatly troubled. Finally I said that I had thought of borrowing the money from him just to patronize his bank, but if he could not give me a loan I would get it elsewhere.

Two weeks later I received a letter—I suppose as the result of his getting in touch with his head office in Winnipeg—inviting me to come and see him again, saying he would be pleased to take up the matter once more. I went back, and eventually I got a loan of the money for a year. The interest was eight per cent at that time and I told him to add it on every three months, but that I would not be able to pay it until the end of the year.

Years later I heard another amusing story about this fellow. It seems that he made a good loan of $1,000 to a farmer, but he wrote to head office explaining all about it. In turn they began to question him as to why he made this loan and asked for other pertinent information. He became somewhat alarmed and hired a livery team, drove out to this farm and collected the money from the farmer before he had any chance to use it. He then wrote back to the head office and said that the money had been repaid. The head office gave him the deuce, and wanted to know what this customer would think of actions of that kind. But they were only trying to train him as a bank manager and they were putting him through his paces. I have found out that when a bank manager says that something is not a banking proposition he is only trying to get to know what kind of a man he is dealing with; and if a young man is uncertain and cannot put up an argument, how can he expect the banker to trust him? The whole thing boils down to a question of human relations after all.

I was very much interested in the remarks made by the honourable senator from Toronto (Hon. Mr. Hayden) about the power to be given to the banks to lend money on real estate by taking mortgages on homes—under a government guarantee, of course. When the National Housing Bill was before us last March I spoke on the character-building value of owning one's own home, especially in cases where people built their own homes without government assistance. The Leader of the Government (Hon. Mr. Macdonald) seemed to think he had squelched my argument by his remark that we have passed the log cabin stage. I do not complain bitterly of this retort, because one hears it so often.

But there is one factor which he must have overlooked. In thousands of years human nature has not changed. I am not concerned to deny the right of anyone, if he so wills, to live in a palace: I am concerned with the effects of some modern developments on human character, because in any country the quality of human character is of the highest importance. I hold in my hand an article condensed from an address from Colonel Charles A. Lindbergh, who in addition to his other achievements is a successful author. It is entitled "But How About Man?" He says:

> Our scientific, economic and military accomplishments are rooted in the human quality which produces them. In the last analysis, all our knowledge, all our action, all our progress succeeds or fails according to its effect on the human body, mind and spirit.

That is what I am concerned about. What are the effects on the spirit of man of all this assistance, whether through guarantees of loans, provision for housing, or other forms of state aid? The short synopsis of Lindbergh's article concludes:

> Until we realize in our bones as well as in our brains that the character of man still forms the essential core of a lasting civilization—

We shall not have found the right solution.

I firmly believe that we are getting too much paternalism in the form of government assistance. The question is not whether materially or financially the country can afford it, but what will be its effects upon our people, and particularly the younger men and women of this country. The problem, as I see it, is a serious one.

Although I sincerely hope that the effects of this bill will be beneficial, the basic question remains whether such assistance will compensate for the unwillingness of young men to work no more than five days a week. I have worked eighteen hours a day, seven days a week. The bankers knew my habits, and when money was tight and credit restrictions were general, I could go to the bank and get money because apparently the banker knew that, for me, there was no question of a five-day week; I was on the job every day when my business needed attention.

My message to young men is, do not be discouraged. The man who has the right spirit and the necessary resolution and is willing to pay his debts will find that the banking system is all right.

Hon. F. W. Gershaw: Honourable senators, the honourable senator who introduced this bill has covered the ground so clearly and so completely that there is not very much left to say. As he has mentioned, the first Bank Act was passed in 1871. That act prohibited the banks from loaning money on the security of mortgages on personal or immovable property, and that prohibition was retained in every ten-year revision up to the present time. Now, of course, banks will be permitted to loan money under a housing scheme and for the developing of oil resources, in which my province of Alberta is very rich. They are also permitted to enter the small loan business and take securities such as goods and merchandise. The other chief change is in respect of cash reserves of the banks with the Bank of Canada, which reserves must now constitute at least eight instead of five per cent of their deposit liabilities.

The function of the chartered banks seems to fall under two heads: first, to guard safely the money which has been entrusted to them; second, to make loans to industry. For these purposes a branch bank system has been set up, at tremendous cost. There are elaborate buildings—sometimes they seem to be too elaborate—in almost every town and city, and they are, of course, equipped with burglar-proof vaults, time locks and all that sort of thing. It must be admitted that our branch bank system has proved to be successful, and that it is giving a great service to the people. Interest is paid on savings; accounts are very carefully kept; money is always available when a depositor wants it; and in recent years failures have very seldom occurred. It has been said that sometimes bank managers are pretty hard-boiled and not too ready to make loans. But their activities are carefully supervised by agents of the government, by senior officers of their own institutions, by shareholders, auditors, and, especially, by the Bank of Canada. In fact, as the system has evolved, not many changes are desired at the present time.

As the last speaker may recall, at one time elections in Western Canada were won by making speeches. A resourceful candidate, if he found his audience was getting restless, would start to blame the Canadian Pacific Railway, and if restlessness continued and some people began to go out, he would turn his attention to condemning the banking system of Canada; and that would always hold them. However, in a general way the banking system has proved pretty satisfactory to the people of Canada. If the amount of money in circulation is insufficient, we may expect hard times, unsaleable surpluses, and unemployment. We all remember that during the '30s young men, and occasionally young women, were riding on freight trains, going east, going west, looking for work and unable to find it. Great quantities of lumber and other building materials accumulated, yet houses were not

being built; goods on the shelves of merchants were unsaleable; and we shared in a depression which was worldwide in extent. We think now that the scarcity of money had something to do with those hard times. On the other hand, if there is too much money in circulation it results in inflation: prices soar, money loses its value, confidence is shaken, and a condition may be reached which was reached in European countries when it took a wheelbarrow full of paper money to buy a straw hat.

The most important work of the Bank of Canada is to prevent wide fluctuations in prices and in employment, as far as this is possible, by monetary measures. To achieve this goal, a high degree of skill, experience and good judgment is required. In a general way, the amount of money in circulation increases when bonds are purchased by the bank, and the amount of money in circulation decreases when bonds are sold. Varying discount rates and shifting government accounts may have a bearing on the amount of money in circulation. This is all part of the work of the Bank of Canada. Let me make this observation. Prosperity does not depend entirely on the amount of money issued. Money is only a medium of exchange. There must be production, export trade, capital investment, and wide redistribution of wealth to support consumption and maintain a reasonable standard of prosperity. The velocity of circulation is another big factor in the measure of prosperity.

Mr. Graham Towers, Governor of the Bank of Canada, has said that the government can obtain money through taxation, borrowing or industrial expansion. Borrowing, of course, has gone on to a great extent. If money is borrowed for a short time it is borrowed from chartered banks, and if it is borrowed for a long time bonds are issued. Government borrowing has tremendously increased. Before the last war Canada's public debt stood at around $3 billion. Although the government made efforts to pay as it went along, the public debt increased to $13 billion. Lately this debt has been reduced to approximately $11 billion.

Corporation taxes and income taxes have greatly increased in Canada. On higher incomes the income tax in Canada is greater than the income tax in the United Kingdom or the United States, although on lower incomes the tax is smaller than it is in those other countries. The fact is that income tax in Canada has reached a high level, amounting to 80 per cent on large incomes. It was feared that the law of diminishing returns would become evident, but thanks to the business people of Canada this has not come about. It can be said that Canadian business has continued to expand. New ventures have been undertaken despite the large proportion of profits paid to the government; and where losses have occurred they have been absorbed by the enterprising individuals concerned.

Honourable senators, great changes have been made as to the amount of money in circulation. At page 1269 of the evidence before the Banking and Commerce Committee of the House of Commons it is reported that some $2 billion of new money has been put into circulation during the last eighteen years. This new money has been issued by the Bank of Canada for the purpose of facilitating exchange and providing the purchasing power required to absorb the vastly increased production in this country. During that period the cultivated acreage in Canada increased from 13 million to 24 or 25 million. A similar increase has taken place in other industries, such as in the pulp and paper industry. If my information is correct, 225,000 barrels of oil are pumped from Alberta wells every day. In recent times many changes have been taking place in every line of human endeavour. Canada is probably in a transition stage, and in the province from which I come there is a large number of money reformers.

The Honourable Lucien Maynard, Q.C., Attorney-General of Alberta, gave the Standing Committee on Banking and Commerce of the House of Commons an excellent summary of the monetary policy in which he believes. However, he was unable to persuade the committee that money could be issued on natural resources, on cultural heritage or any of these vague things. He was unable to induce the committee to adopt his proposed amendments to the Bank of Canada Act. If we are to do what is right, and if we wish to progress, we must analyze and examine these various schemes without prejudice and in the light of the best knowledge this age affords. If we find that these schemes would bring about manifold blessings to the people of Canada—happiness, security and a better way of life—then they are worth living for and fighting for; but if they would bring about inflation or dictatorship we should do what every other nation in the world has done—leave them alone.

Hon. Mr. Reid: May I ask the honourable senator a question at this point? I do not wish to interfere at all, but he mentioned the Honourable Lucien Maynard, Attorney General of Alberta, which province has a Social Credit government. British Columbia now has a Social Credit government too, and

in view of that fact I wonder if the honourable gentleman from Medicine Hat (Hon. Mr. Gershaw) could give a brief explanation of the Social Credit doctrine.

Some Hon. Senators: Order, order.

Hon. Mr. Gershaw: I did not wish to introduce anything of a partisan nature. The Social Credit system was founded quite a few years ago when a certain Major Douglas discovered what he thought was a flaw in our economic system. He argued that insufficient money was being created with which people could buy the products of industry. He said let "A" represent salaries, wages, and dividends, and let "B" represent bank interest and raw materials. Then, he said, both "A" and "B" enter into the cost of producing goods, but only "A" is available to buy the goods. He argued that "A" could never equal "A" plus "B", and therefore there was always a deficiency of money, but he maintained that such a deficiency could be met through issuance of currency by the Bank of Canada. This monetary scheme can be illustrated in another way. Enter the heading "Canada Limited" on a page of a ledger book, then make two columns. In one column list such items as production, imports, appreciation and assets, and in the other column list such items as consumption, exports, depreciation and liabilities. A computation of these two columns will disclose a huge credit balance, and this credit balance has been termed "Social Credit". The Banking and Commerce Committee of the other house was given a full explanation of how this could be used to finance consumption. It was told that the money to purchase goods can be put in the hands of people through greater pension benefits, reduction of the national debt, national discounts, national dividends, subsidies, the construction of public works, and so on. In brief, Social Credit is simply the credit balance in that consumption-production account I have indicated.

Hon. Mr. Horner: May I ask the honourable senator a question? Does he believe, then, that Social Credit had something to do with teaching our federal government to increase the circulation of money?

Hon. Mr. Gershaw: Oh, I do not think that at all.

Hon. Mr. Horner: By your explanation, I thought you meant that.

Hon. Mr. Gershaw: No. As I tried to explain, the officers of the Bank of Canada are charged with the responsibility of trying to adjust the amount of money in circulation, and I would say that was the reason it was done.

Honourable senators, I have almost finished, except to say that although at the present time we find the Bank Act fairly satisfactory and needing few amendments, yet it is not a time for complacency, and we must continue to improve our monetary system and anything pertaining to our economy. We must prevent depressions, if at all possible. In recent years legislation has been enacted for pensions to be paid to people over 70 and for contributions to unemployment insurance. Family allowances also are being paid, and these have led to greatly improved conditions in the homes of our people. In the last analysis, anything that improves conditions in the homes of our people is very good legislation. Money spread widely by these measures makes a cushion against depressions. I think our course is clear. We should strive to improve our efforts to assist the aged and the young and to support the sick and disabled, and all who can should make a contribution to the general welfare.

Some Hon. Senators: Hear, hear.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Hon. Mr. Macdonald (for Hon. Mr. Hayden) the bill was referred to the Standing Committee on Banking and Commerce.

CANADIAN NATIONAL RAILWAYS BILL

CONSTRUCTION OF LINES IN QUEBEC AND ONTARIO—SECOND READING

Hon. Paul H. Bouffard moved the second reading of Bill 442, an Act respecting the construction of lines of railway by Canadian National Railway Company from St. Felicien to Chibougamau and from Chibougamau to Beattyville, all in the province of Quebec, and from Hillsport on the main line of the Canadian National Railways to Manitouwadge Lake, both in the province of Ontario.

He said: Honourable senators, this bill proposes to authorize the Canadian National Railway Company to build two branches of railway lines: one from Beattyville to St. Felicien, a distance of approximately 294 miles, all in the province of Quebec; the second from Hillsport to Manitouwadge Lake, a distance of approximately 27 miles.

Let us first consider the branch line between Beattyville and St. Felicien. The

schedule to the bill divides that branch into three sections, from east to west—St. Felicien to Lake Cache, 139 miles, at a cost of approximately $17 million; from Lake Cache to Chibougamau, approximately 6 miles, at a cost of $1 million; and from Lake Cache to Beattyville, 149 miles, at a cost of $17 million.

The construction of these lines has been under consideration for quite a long time. The Turgeon Commission in its 1951 report mentioned that an inquiry was then being made by the C.N.R. to extend its lines to that area. After an extensive examination and several contacts with mine operators and the lumber interests, the board of directors of the C.N.R. seems to be satisfied that it should be authorized to build the whole section between now and 1964.

From Beattyville to Chibougamau, a distance of 155 miles, a geological survey showed an extensive mineralization. Some mines are already in operation, such as the Oppemiska Copper Mines and the Campbell Chibougamau. These two companies are so heavily interested in the construction of a branch line that they have guaranteed a shipment of 325 tons a day of ore concentrates for a period of six years. Should they not fulfil their contract, they are heavily penalized by an obligation to pay to the C.N.R. an amount equal to one-third of the freight rate. At the present time their shipments of ore to Noranda by road and railway cost them $21 a ton. The new branch will permit a shipment at a reduced cost of $7 a ton.

The section between Beattyville and Chibougamau will undoubtedly offer many more opportunities to develop important mines which will increase the shipments of ore and develop very considerably this part of the country. The same section is heavily timbered. Approximately 30 million cords of pulpwood would seem to be capable of sustaining a yearly cut of over 600,000 cords. The Howard Smith Paper Company, a large company, operating in that section at the present time, guarantees a shipment of 30,000 cords a year for a period of 6 years. If it fails to execute its contract the company is obligated to pay to the C.N.R. a penalty of $2 a cord for any amount that it has failed to ship in the course of any one year.

Hon. Mr. Burchill: May I ask the honourable senator if he knows what the average cost per cord of transporting pulpwood would be?

Hon. Mr. Bouffard:. I cannot tell you exactly. At present, lumber shipped from Beattyville to Chibougamau has to go by truck to the Lake St. John section, which is a considerable distance, and from there it is shipped down to the St. Lawrence valley by train; but when the line is built from Beattyville to Chibougamau all this lumber will be shipped by train through Noranda to the St. Lawrence valley, and this evidently would be a much cheaper route. When I come to discuss the construction of the other branch, I shall point out in detail that it would be impossible for the railway to compete with floating operations. However, in that area there can be no floating of wood by water, because all the rivers flow towards Hudson Bay. While I cannot answer the honourable senator's question as to what the freight rate would be, I think the arrangement must be quite satisfactory, because the Howard Smith Paper Company has undertaken to ship at least 30,000 cords of pulpwood per year for a period of six years.

Hon. Mr. Quinn: By freight?

Hon. Mr. Bouffard: By freight. And if it fails to fulfil that contract the company is obligated to pay to the C.N.R. a penalty of $2 a cord for any quantity it fails to ship in the course of any one year.

Such commitments are sufficient to give the Canadian National Railways in that first section of the branch from Beattyville to Chibougamau an income sufficient to cover interest on the borrowed money, the operation and maintenance of the line, and the overhead, and provide a small margin of profit.

In so far as the other section of the branch is concerned, from Chibougamau to St. Felicien, the situation is somewhat different. A geological survey of that section indicates no mineral and eliminates the possibility of any mining development. However, this section also is heavily timbered and offers the likelihood of a large cut of lumber and pulpwood. The Consolidated Paper Company seems to be the main operator in this section; but when it was approached and asked to give commitments for transport of its timber, it did not seem very interested. The reason is simple: the lumber of that section is now floated down to Lake St. John and the company refused to make any commitments to the C.N.R. unless the railway would reduce the established rates to the point where they would be competitive with the cost of floating, but the C.N.R. officials do not think they can, with advantage, transport pulpwood and lumber at such reduced rates. As I have said, such a situation does not and cannot exist in the section between Beattyville and Chibougamau, because there the rivers flow into the Hudson Bay.

It was therefore impossible for the Canadian National Railways to secure any commitments for that part of the branch line situated

between Chibougamau and St. Felicien. However, it would certainly be advantageous to connect the Abitibi section of the province of Quebec with the Lake St. John section. The Lake St. John district is heavily populated and growing fast, with new and large industries. It is favoured with an outstanding harbour which connects the Saguenay region with the rest of the world. The authorities of the railway feel that it would be an ideal location for a copper or a nickel smelter, but up to the present time they have failed to find a great deal of interest in a branch line on the part of those operating between Chibougamau and St. Felicien. However, the C.N.R. feels that new development may occur at any time, and they hope someone will decide to build a smelter. The immense electric power potential of that region is certainly encouraging to anyone who would build a smelter. In the circumstances the railway has decided to build first that section of line between Beattyville and Chibougamau where it has commitments which would immediately put the line on a sound economic basis, and it hopes the construction of the other section of the line between Chibougamau and St. Felicien will be undertaken as soon as that section can be visualized as a sound economic proposition.

Hon. Mr. Aseltine: Why does the railway want the charter now?

Hon. Mr. Bouffard: Because new development may occur at any time which would warrant the C.N.R. constructing that section of the line. It is felt that within five or six years, and maybe sooner, the line can be built on a sound economic basis, and it would only delay matters to have to apply again to parliament for authorization to build it.

Mr. Fairweather, Vice-President of the C.N.R., in his testimony before the House of Commons committee, was most emphatic in stating his belief that circumstances will be such within the next few years as to warrant giving immediate authorization for constructing the lines, so that when circumstances permit—and this may happen any day—the C.N.R. can start construction of the second section without delay. Every citizen of the province of Quebec, especially those living in the Chicoutimi district and in the city of Quebec, hopes that the C.N.R. officials will soon find circumstances favourable to the building of the second section between Chibougamau and St. Felicien. The construction of that section would give the northern part of the province a needed outlet to the rest of the world for the vast resources that undoubtedly lie in that part of the province.

Many people in the province of Quebec—and I am one—are disappoined that the construction of the whole branch will not be undertaken at once; we hope that early future developments will convince the C.N.R. authorities and the government of the advisability of constructing the line from Chibougamau to St. Felicien without delay, and so connect a very rich district with the Saguenay harbour, the city of Quebec, and the rest of the world.

Huge sums of money have been spent in the past for the construction of railway lines in Canada. The concern of the Canadian people over the railway situation, I believe, led the government to adopt its present policy of building railway lines where they are necessary and able to bear the financial burden accompanying them. Let me quote a paragraph from the Turgeon Commission report of 1951:

> The days of ill-conceived and therefore excessive constructions seem to have gone by, and our people can feel reasonably assured that from now on no railway venture will be undertaken excepting after thorough investigation of such a project and always with due regard to the financial investments involved.

May I now discuss some of the criticism that has been made against the bill.

First: the total construction will be less costly if it is completely undertaken at once. The officials of the railway in their testimony before the committee of the other house stated that the construction between Beattyville and Chibougamau would take approximately two and a half years, but that if the two branches were constructed at once it would take four and a half years. That would mean a delay of two years in the building of that section on which the railways have received commitments and promised rapid construction. They stated furthermore that whether the two sections were built at one time or one after the other, the cost would be the same. Further, to build the two sections at one time would involve the C.N.R. in undertaking the immediate construction of a line on which they have no commitments and which in the present circumstances they do not feel is justified.

Second: there is a feeling that the two sections are not treated on an equal footing, and the thought is advanced that material could be transported on the Chibougamau-St. Felicien section to a greater extent even than on the other section; some estimates are as high as 500,000 tons a year. The answer of the C.N.R. seems to me to be quite reasonable. The railway would be quite ready to start construction immediately if it had commitments to the extent of 175,000 tons a year.

Third: it has been pointed out that, not very long ago, federal subsidies were granted for the construction of railways where it was considered uneconomic to do so at that time, but quite necessary for the development of the particular locality. It should not be forgotten that such subsidies were granted to provincial railways. The Minister of Transport has emphatically stated that he would be ready to do the same thing to help the construction of the Chibougamau-St. Felicien section in the same circumstances. The government, however, fails to see why in the present circumstances where the C.N.R. has to build, maintain and operate a line a long and well-established policy should be changed and the C.N.R. should build the line, unless it is established that it will earn a reasonable profit.

Fourth: it has been submitted that construction of the Beattyville-Chibougamau section first would favour the province of Ontario and be to the detriment of the province of Quebec. Such criticism seems to me completely unfounded and advanced merely for political purposes. The whole branch from Beattyville to Chibougamau is situated in the province of Quebec. It could only facilitate transportation of material, mineral and lumber also wholly situated in Quebec. It would permit enlargement of existing operations and favour the great development which has already started. All this is in the province of Quebec. The ore concentrate would be shipped to Noranda and smelted in Noranda, an operation totally situated in Quebec. The product would then be shipped from Noranda to a factory in Montreal East to be converted into a finished product. All these operations are entirely within the province of Quebec, and I fail to see why some people still advance the idea that the C.N.R. or the government of Canada could possibly favour Ontario rather than Quebec. In so far as lumber operations are concerned, it could not conveivably grant any advantage to Ontario. The lumber is cut in Quebec, it is to be transported in Quebec, worked in Quebec in Quebec mills, and could not possibly be shipped to any other part of Canada in its raw state. A provincial law requires that lumber and pulpwood cut on Quebec crown lands—and that is the case in this district—must be converted in mills located in the province of Quebec.

It might be advanced that the policy for the present time is more advantageous to Noranda and the Abitibi section of the province of Quebec than to the Saguenay district. However, in each case the advantage seems to be totally favourable to the province of Quebec. It would be pretty hard for the province of Quebec to get more than 100 per cent of the advantages accruing, whether they accrue to one section or another of the province of Quebec. Furthermore, there are already negotiations between the mine operators and the Noranda smelter, and the construction of the railway between Chibougamau and St. Felicien would not in any way change the shipping of this concentrate to Noranda.

In so far as lumber is concerned, the Howard Smith Company, whether the railway is constructed to St. Felicien or not, will continue to ship to its mills in Quebec. The Consolidated Paper Company, operating in the section between Chibougamau and St. Felicien will continue to float its lumber to Lake St. John, and the construction of the railway to St. Felicien would only permit such shipments to be possibly less costly to the Consolidated Paper Company without any advantage to the Lake St. John section and would only mean a financial burden imposed upon the shoulders of the Canadian people.

It is feared by the Lake St. John people that a delay in the construction of the Chibougamau-St. Felicien section might adversely affect the possible construction of a smelter in the Saguenay region. Mr. Fairweather, a Vice-President of the C.N.R. and a very strong proponent of locating a smelter in the Saguenay region, stated before a standing committee of the House of Commons that the C.N.R. had made several approaches to see if there was a possibility of any interest in such a project. He has made the policy of the C.N.R. very clear in stating that the C.N.R. will immediately start construction of the railway in the Chibougamau-St. Felicien section should anyone responsible decide to build a smelter in the Saguenay region.

Hon. Mr. Reid: What committee was it that Mr. Fairweather appeared before?

Hon. Mr. Bouffard: The House of Commons Standing Committee on Railways, Canals and Telegraph Lines. His evidence on this matter before that committee lasted a full day, and a report of the meeting is available to members of the Senate. According to his statement, the construction of the smelter would take three years, while it would only take two and a half years to build the railway

Let us hope that the large interests concerned with the development of the Saguenay region will before long see their way clear to give the C.N.R. the necessary commitments to make it certain that the branch line could be constructed on an economic basis, or that the great resources of the region will soon induce large financial

interests to build a smelter in the Saguenay region and that the construction of the branch from Chibougamau to St. Felicien will soon become a reality. Such transportation facilities between the Abitibi and the Lake St. John district with its large power resources, its magnificent harbour and its progressive population, are certainly very desirable.

In so far as the Hillsport to Manitouwadge Lake section is concerned, there is no difficulty. Some very important copper, zinc and silver mines have been discovered there and it is already proposed to put them in operation. Large amounts of concentrates will have to be transported and the quantity will be more than sufficient to assure the C.N.R. an efficient and remunerative operation.

Should this bill be accepted and read a second time, I shall propose that it be referred to the Standing Committee on Transport and Communications, to be there examined in more detail and properly explained by officials of the C.N.R., if necessary.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

On motion of Hon. Mr. Bouffard, the bill was referred to the Standing Committee on Transport and Communications.

The Senate adjourned until Tuesday, June 8, at 3 p.m.

THE SENATE

Tuesday, June 8, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

VETERANS' LAND BILL

FIRST READING

A message was received from the House of Commons with Bill 459, an Act to amend the Veterans' Land Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

EXCISE TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 447, an Act to amend the Excise Tax Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

EXCISE BILL

FIRST READING

A message was received from the House of Commons with Bill 448, an Act to amend the Excise Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

INCOME TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 467, an Act to amend the Income Tax Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

CUSTOMS TARIFF BILL

FIRST READING

A message was received from the House of Commons with Bill 468, an Act to amend the Customs Tariff.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

FIRST READING

A message was received from the House of Commons with Bill 469, an Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railway System during the calendar year 1954, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

THE HONOURABLE SENATOR CRERAR

FELICITATIONS ON CONFERMENT OF DOCTORATE OF LAWS

On the Orders of the day:

Hon. W. D. Euler: Honourable senators, in view of the large volume of legislation that we have to deal with, I hesitate to bring up a matter which really has nothing to do with our work, but before the Orders of the Day are proceeded with I should like to draw the attention of the Senate to an honour which has recently been accorded one of our most distinguished members.

Hon. Senators: Hear, hear.

Hon. Mr. Euler: Honourable members know that I refer to my deskmate, friend and colleague of many years standing, the Honourable Dr. Thomas Alexander Crerar—better and more popularly, and I think I may say affectionately, known as Tom Crerar. All too often in this chamber, as occasion arises, when we hear tributes paid to those who have gone to another place—and let me say that I do not mean the House of Commons—we hear of qualities and accomplishments of departed members of which we were not aware. I would like to continue that practice in reverse, as it were, and pay tribute to a man who is still very active in

the Senate and who we hope will continue so for many years. The degree of Doctor of Laws which has been conferred upon Senator Crerar is well deserved, and the University of Manitoba, in honouring our colleague, has honoured itself. Through his long years of public service Senator Crerar has truly become a man of distinction; and when I use that phrase it is entirely coincidental, for no one should assume that I am trying to associate him with a certain beverage which seems to be the favourite of so many who are advertised as "men of distinction". Nor will anyone, I think, take offence when I refer to the fact that in reporting the occasion when the distinction was conferred upon him he was described by a certain prominent newspaper—I think of Liberal tendencies also—as the Progressive Conservative senator from Winnipeg.

Hon. Senators: Oh, oh!

Hon. Mr. Ross: Do you suggest that he should cross the floor of the house?

Hon. Mr. Euler: We already have a genuine dyed-in-the-wool Progressive Conservative senator from Winnipeg, who I am sure would not object to sharing that distinction with my friend, especially if he could hope for such a notable accession to the ranks of his party. In fact, I have heard it suggested that my friend should be offered a vacant seat on the other side next to the senator from Peterborough (Hon. Mrs. Fallis); and as I can understand he might be sorely tempted by such an offer, I am glad to have his assurance that he intends to continue to occupy the seat at my side.

The honourable senator and I entered the House of Commons together after the elections of 1917. Perhaps I should say, not that we entered the house together, but that we entered the house at the same time, because he came in as a supporter of—and in fact as Minister of Agriculture in—the Union Government of 1917, while I came in as a supporter of the late Sir Wilfrid Laurier. When the war ended, Senator Crerar—the Honourable Mr. Crerar as he then was—withdrew from that government. Not so very long after that he became the leader of the Progressive Party. So the newspaper was at least half right when it described him as a Progressive Conservative. He was, as I say, the head of that party, and in the ensuing election he came measurably close to becoming Prime Minister of Canada, a position which I think he would have held with credit. Later he joined the King government, and it was at that time that I formed of him the high opinion which I have never had reason to alter, and which has been enhanced by all my later association with him.

In my opinion Senator Crerar has among others two outstanding characteristics. One is his great love of freedom from any unnecessary restrictions, which quality has been pinpointed by his devotion to the policy of free trade; and the other is his fine quality of integrity—not merely that type of integrity which is ascribed to people who are honest in every-day dealings, but that integrity of mind and character which would never allow him to support anything in which he did not believe. When Tom Crerar believes in a thing he is willing to fight for it, and what he fights for he believes in.

I know my friend is a modest man, so I do not think his head will be turned when I say in his presence that to me he is the embodiment of what a senator ought to be. He has had vast experience, not only in business but in public affairs, and he has maturity of judgment, and a combination of the two makes for wisdom. He has courage, tolerance, and the ability to express himself clearly; and as a result, he has the ear of the house and its undivided attention whenever he speaks.

Perhaps at this point I might let honourable senators in on a secret. The whip on this side of the house (Hon. Mr. Beaubien) entrusted me with the task—more or less because I am the deskmate of the senator from Churchill—of urging my friend to express his views on any important matters before the house. I leave it to the house to say whether or not I have been successful in that task—although I must admit that it has not been a very difficult one.

Hon. Senators: Oh, oh!

Hon. Mr. Euler: I should like also to speak of the independence of thought and action of the senator from Churchill. He is at times critical of measures that come from the government, but not hypercritical. What he says is by way of objective criticism and is said with only the interests of the country at heart.

Perhaps I should not mention this, but we have of late heard a great deal of criticism of the Senate, some of which has come from another place and some from the press. Part of that criticism I agree with, and part is very ill-founded. For instance, a great publication which calls itself a national newspaper carried an editorial the other day in which it was stated that the Senate is in disrepute and in a state of ridicule. That I think is utterly unfair, unjust and untrue. But perhaps we could deal with that criticism

in much the way a burly old workman accepted the treatment his wife gave him from the business end of a broom. One of his friends asked him why he allowed the little woman to beat him up in the way she did. His reply was "Well, it pleases she and it don't hurt I".

We have also been hearing suggestions for reform of the Senate. I hope His Honour the Speaker will not call me to order if I make just a few remarks with regard to that. Some newspapers, and others I will not designate, want the Senate abolished altogether. I am not going to comment on that except to say that I think it will be many a day before that takes place. Indeed, I doubt whether the people of Canada want the Senate abolished, no matter what its role may be or how it may be constituted. Others want to make the Senate elective, and I think it would be very difficult to make an argument in a democratic country against that suggestion. Others want to have the method of appointment changed. Well, there has never been any unanimity as to what the form or method of appointment should take. Some others would actually like to prohibit appointment of men who are seventy-five years of age or more. Needless to say, I think that is rather unimportant. Perhaps some might expect me to be opposed to that, but I am not, As I have said before in this chamber, I believe that Senate reform could come from within, and that it would come about if we carried out the purpose for which the Senate was established—if we made the Senate a chamber of sober second thought, as it is usually spoken of; and if, when senators dealt with the matters that came before them they did so objectively and with only one thought, to serve the best interests of the country. I think my friend from Churchill qualifies in that respect just about as well as anyone. Party politics, for the sake merely of party, should have no place in our deliberations.

I apologize for speaking at such length in congratulating my friend (Hon. Mr. Crerar) upon the honour which has been conferred upon him. I salute him because he deserves it and I know I have the unanimous support of every member when I say to him that we wish him and his wife many years of good health and happiness, and hope that in the years to come he will be just as useful to the Senate and to the people of Canada as he has been in the past.

Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable senators, I too wish to congratulate the honourable member from Churchill (Hon. Mr. Crerar) on the honour that he has received, and also to congratulate the honourable member from Waterloo (Hon. Mr. Euler) on his very appropriate remarks. The other day when I received a copy of the Winnipeg *Free Press* I was, as the leader of the Progressive Conservative Party in this house, quite disturbed to read in that very efficient newspaper that the senator from Churchill had been elected to membership in the Progressive Conservative party. I cannot account for that report except in this way: that for many years the honourable gentleman has been an ardent free-trader, and the young men who reported the event thought that therefore he could not be a supporter of the present government, and as it was necessary to place him in some party the reporter went the whole hog and described him as a member of the Progressive Conservative party.

Hon. Senators: Oh, oh!

Hon. Mr. Haig: As soon as that "news" broke I found myself in difficulty right away, because the honourable member from Provencher (Hon. Mr. Beaubien), the Government Whip, immediately consulted with the Whip on this side of the house (Hon. Mr. Quinn) to arrange to have the senator from Churchill seated with opposition members. It was suggested that he be given a seat alongside the honourable member from Peterborough (Hon. Mrs. Fallis), but next day, when she heard of it, she fainted, and she has been in the hospital ever since. I do not know why the Government Whip should have done this to the Progressive Conservative party. It is true that there are not many of us, and I am not sure he did not suggest to the *Free Press* reporter that the senator from Churchill might be willing to join our party. If he did, he was half-right: the honourable senator is progressive, but whether he is a Conservative or not I sometimes doubt.

The honourable senator is typical of many men and women born in some other province who came to Manitoba in their early lives and received their education and training and experience there. He shares the record of many public men and, I say quite candidly, some of the most distinguished people in our province, in that, born on a farm, he drifted into the profession of school-teaching, then became a farmer, and ultimately engaged in business in Winnipeg. There he became the promoter, founder and establisher of one of the largest voluntary grain-trading companies in the West, and, indeed in all Canada—a company which has given outstanding service, especially to the farmers of my province. It was a source of great happiness to me and to other Manitobans who knew him as a young man to observe his successful establishment of the Grain Growers Grain Company, later known as the United Grain Growers. That company is one of the outstanding organizations of its kind in respect

of not only elevator operation but of grain handling. Knowing of the good will he enjoyed among the members of that great enterprise—he and I occupied offices in the same building for many years—I was never able to understand why he left the business and went into politics. The only conclusion I could ever come to—an opinion which has been confirmed from my association with him here for some years—is that, loving this country so well and knowing its greatness and its possibilities, he felt that he could give even greater service to Canada as a minister of the crown or a member of the federal parliament than as the head of a great trading corporation. I am able, perhaps better than anyone else in this house, to appreciate the motives which led him to join the Union Government, and the perplexities he had to overcome before he made his decision.

The University of Manitoba, of which my colleague from Rosetown (Hon. Mr. Aseltine) and I have the honour of being graduates, has always been careful, in its awards of doctorates and other academic titles, to select men and women truly representative of what Manitoba prizes most, a quality which may be described as, above anything else, straightforwardness, candour in political life. It is this characteristic which the university recognized in conferring upon him a doctor's degree. Like the people of Manitoba, the university's committee of selection felt that the name of Tom Crerar should be inscribed on the university standard, in the hope that young people, when about to enter upon their life's work, might be drawn to follow his example.

For me, this is a very happy moment, in that I, who graduated from Manitoba University some fifty-three years ago, have the privilege of standing here and telling him I am delighted that he has been given the honorary degree of LL.D. I know I speak for Manitobans generally as well as myself in voicing our pride in this man whom Manitoba sent out to take part in world affairs.

Hon. Senators: Hear, hear.

Hon. W. Ross Macdonald: Honourable senators, may I be permitted to add a word? I agree entirely with all the complimentary remarks which have been made about our good friend the senator from Churchill (Hon. Mr. Crerar)—although, in saying "complimentary remarks", I am not so sure that the term can be applied to his reported membership in the Progressive Conservative party. In this connection may I say that our Whip (Hon. Mr. Beaubien) did not consult me when he considered moving the honourable senator from this side to the other. I would have opposed the change most heartily. I sat for quite a number of years in the House of Commons with the senator from Churchill. I learned to admire him there, and my admiration of him has continued since I came to this chamber. I look upon him, not as a Progressive Conservative, but as a loyal and true Liberal. I appreciate the co-operation which he has given me at all times since I have been in this house. It is true that he has not always agreed with the legislation which has come forward, but whenever he has objected it has been because he believed his stand to be in the best interests of the country.

As Leader of the Government in this house, and as a member of the government, I want to join the senator from Waterloo (Hon. Mr. Euler) and the Leader of the Opposition (Hon. Mr. Haig) in congratulating the senator from Churchill; and may I express the wish that he will be with us for many years, so that for a long while to come we shall have the choice of addressing him either as "Tom, Senator" or "Doctor Crerar".

Hon. Senators: Hear, hear.

Hon. T. A. Crerar: Honourable senators, for me this is a rather novel and somewhat difficult experience. I am more than deeply grateful for all the kind words that have been said about me by my colleague the senator from Waterloo (Hon. Mr. Euler), by the Leader of the Opposition (Hon. Mr. Haig) and the Leader of the Government (Hon. Mr. Macdonald). May I thank you all for the generous manner in which you have received what they have said?

To be quite frank, I am not conscious that I am a bit different today from what I was when I was here seven or eight weeks ago. I deeply appreciate the honour which the University of my adopted province of Manitoba—the province in which I have lived now for more than seventy years—has seen fit to confer upon me. I can say quite sincerely I do not yet know why this honour should have come to me—there is no false modesty in my saying this—but I did accept it with a feeling of pride.

May I offer just a few comments about the nice words that have been said about me here today? My colleague from Waterloo (Hon. Mr. Euler) was altogether too generous. All I can claim is that in my experience in public life I have sought always to do what I thought was right, but looking back over the years I may say that sometimes the mistakes that have been made are the things that stand out with rather appalling significance. As my friend from Waterloo has said, we came into parliament at the same

time, 1917, and have been closely associated both in the House of Commons and in the Senate ever since. We have been over a good many hills and through a good many valleys together, and the experience has been one that will always remain with me.

As to my old friend the Leader of the Opposition (Hon. Mr. Haig), I have known him for so many years that I can scarcely recall them.

Hon. Mr. Haig: Do not try to.

Hon. Mr. Crerar: We were young men when we first met, when he first hung out his shingle to practise law in Winnipeg. While I admit that occasionally our paths have diverged in matters of political consideration, I have always had for him the deepest respect. He has always had the courage of his convictions. I care not how much a man may differ with my views, if I believe he is sincere in his convictions I can hold out my hand to him in friendship.

Hon. Senators: Hear, hear.

Hon. Mr. Crerar: I doubt if there was ever among mortals a point of view put forward of greater significance than the statement Voltaire made almost 200 years ago when he said of an opponent: "I differ from you in everything you say, but I shall fight to the death for your right to say it."

As to the newspaper report about myself, it was interesting, to say the least—though, may I assure the house, somewhat exaggerated. I would add, however, that if I did contemplate a move to the other side of the house there is no one I would rather sit with in the opposition ranks than the honourable senator from Peterborough (Hon. Mrs. Fallis).

Hon. Senators: Hear, hear.

Hon. Mr. Crerar: The genial Whip on this side (Hon. Mr. Beaubien) took it upon himself to accept this newspaper report at more than its face value, and I received in Winnipeg a letter from him informing me that he was making arrangements with the opposition Whip to have me transferred. I suspected that possibly he wanted to get rid of me, but I can assure him that he will have to put up with me for quite a while yet.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Crerar: My honourable friend from Waterloo (Hon. Mr. Euler) referred to the work that this house can do, and he mentioned some of the criticisms that have been directed against the Senate. I believe there is a great place that the Senate can fill in the scheme of government in this country. We are living in a world of change today, a world where all the old values are being challenged, a world that is dominated too greatly by purely materialistic considerations. I have endeavoured always and I shall always endeavour to emphasize that the great human heritage and truths we possess are those which link with the spiritual and moral well-being of mankind. That is why I have always advocated my believe in freedom. Freedom is the most cherished thing that has ever come to the human race, and there is no greater obligation resting upon both houses of our parliament and all our legislatures than to serve and preserve those eternal principles upon which alone civilization can be reared and maintained.

Hon. Senators: Hear, hear.

THE HONOURABLE SENATOR BURCHILL

FELICITATIONS ON CONFERMENT OF DOCTORATE OF CIVIL LAW

Hon. Muriel McQ. Fergusson: Honourable senators, our distinguished colleague from Churchill (Hon. Mr. Crerar) has already replied to the splendid and well-deserved tributes paid to him, but I should like to say that in the short time I have been a member of this chamber I have come to realize that there really is no one who does more credit to the Senate and who, I am sure, could do more honour to the university that conferred upon him the honorary degree of Doctor of Laws.

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: As honourable senators are aware, I always endeavour to make known to them any claim that New Brunswick may have to fame. For that reason I should like to draw to the attention of those in this chamber who are not already aware of it the fact that the senator from Northumberland (Hon. Mr. Burchill) has just returned from the Maritime Provinces where he had conferred upon him the degree of Doctor of Civil Law.

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: Our honourable colleague is an outstanding citizen of New Brunswick, being prominent in business, education and church work. All his fellow citizens of the province join with me in congratulating him, and in sharing the feeling that the honour he has received is well deserved. I know that all honourable senators will join with me in expressing the same sentiment.

Hon. Senators: Hear, hear.

Hon. W. Ross Macdonald: Honourable senators, I believe most of us are taken by surprise with this very good news. If the fame of the honourable senator from Northumberland (Hon. Mr. Burchill) had been carried as far afield as that of the honourable senator from Churchill (Hon. Mr. Crerar), and if he had served in parliament as long, we could have made many complimentary remarks about him as well. We are all very happy to learn that he has received the degree of Doctor of Civil Law, for he has earned it by years of faithful service, not only in this house, but elsewhere. I am sure that we all join with the honourable senator from Fredericton (Hon. Mrs. Fergusson) in wishing our colleague many years to enjoy the honour conferred upon him, which he so richly deserves.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: Honourable senators, if the senator from Northumberland who has received this well-merited honour would become a Progressive Conservative, and if he had a good publicity agent, he would be an acquisition to the opposition.

Hon. Senators: Oh, oh.

Hon. Mr. Burchill: Honourable senators, I will not delay the proceedings here, but wish to thank those who have spoken so kindly and generously of me.

WHEAT PRICES

INQUIRY

Hon. Mr. Reid: Honourable senators, I wish to direct a question to the Leader of the Government (Hon. Mr. Macdonald). A statement appeared in the press yesterday evening to the effect that the Canadian Wheat Board had agreed to reduce the selling price of wheat for export by about $10\frac{1}{8}$ cents per bushel. May I ask if wheat will be available to the domestic consumer at the same reduced price?

Hon. Mr. Macdonald: I have no information that would enable me to answer my honourable friend's question, but my recollection is that the price quoted is for sale of wheat for export. I do not think the price of wheat for sale in Canada will be affected.

Hon. Mr. Reid: That is what I was afraid of.

ROYAL CANADIAN MOUNTED POLICE BILL

SECOND READING

Hon. Gray Turgeon moved the second reading of Bill 464, an Act to amend the Royal Canadian Mounted Police Act.

He said: Honourable senators, to be asked to sponsor a bill of any nature affecting the Royal Canadian Mounted Police is naturally intriguing to many of us here who come from or have lived for some length of time in western Canada. Many of us can look back to the early days when this body was called the Northwest Mounted Police, and when, later, in 1904, it was called the Royal Northwest Mounted Police. After 1920 its jurisdiction was extended into eastern provinces and its name became changed to the Royal Canadian Mounted Police. Everyone in Canada realizes the great debt that our people owe to the Royal Canadian Mounted Police, because its organization has been one of the major factors in establishing a great reputation for Canada and Canadians, not only on the American continent, but throughout the world.

This bill proposes only two amendments to the act. I think the best way for me to sponsor the bill is simply to make what might be called an official statement as to its objectives.

Dealing with the first amendment, it should be noted that in 1932 provision was made for the appointment of a Deputy Commissioner. Since that time the strength and responsibilities of this law-enforcement body resulted in an overwhelming amount of work for the person filling that office, and accordingly by order in council dated March 26, 1953 there was appointed a Senior Assistant Commissioner, who receives the same rate of pay as the Deputy Commissioner of the Force and holds equal responsibilities. The purpose of this amendment is to round out the act so that it will be possible to have two officers classified as Deputy Commissioners. There will also be one or more Assistant Commissioners, although none of them will be designated, as in the past, as Senior Assistant Commissioner.

I will leave the legal interpretation for a moment and point out that the terms of this first amendment are already being carried out by authority of an order in council, so there will therefore be no additional expense if the amendment is passed and becomes part of the existing act.

The second change being made at this time is with respect to the pension scheme at present in effect for members of the force. Parts 2 and 3 of the act set out the original non-contributory pension scheme for which all members of the force had been eligible until 1949. In that year a new contributory pension scheme was begun and made available to all members coming on the force after that date, as well as to those already on the force. The advantage of it lay in special features such as allowances to widows and

children of the members, and other benefits not available under the previous non-contributory pension scheme.

This new scheme contains special provision whereby members of the force discharged for inefficiency or misconduct might receive a reduced pension and not be left entirely destitute after their service to the country. In effect, it would mean that persons having over ten years of service and who are discharged for inefficiency or misconduct might become entitled to a pension in the amount of one-half of the disability pension which would be ordinarily paid to them on retirement until the age of 65 and then two-thirds of such pension after that age. This measure, of course, would require an investigation by a Royal Canadian Pension Board, together with a recommendation to the minister that it would be in the public interest to grant such a pension in recognition of good and faithful service rendered by the contributor prior to such misconduct or inefficiency. The minister would, in turn, recommend it to the Treasury Board, and upon receiving a favourable report the Governor General in Council might grant the pension. Authority is also given to increase the amount to two-thirds of such disability until 65, and to a full pension after 65, according to the circumstances of dismissal through inefficiency or misconduct.

The effect, then, of the legislation is to make such pension provision for members of the force retired for inefficiency or misconduct applicable to those coming under the non-contributory pension scheme set forth in Parts II and III of the act as well as to those participating in the contributory pension scheme under Part V of the act.

Honourable senators, I have a strong desire to see this bill passed and added to the existing act. I understand that at present only seven men would be affected by this pension scheme for members of the force discharged for inefficiency or misconduct. I also understand that in so far as the misconduct is concerned, nothing in the bill would affect the reputation of a person so discharged, as the type of misconduct in question is such as might occur among people occupied in any grade of work.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Turgeon: I overheard the Leader of the Opposition (Hon. Mr. Haig) say that he would like the bill to be referred to a committee.

Hon. Mr. Haig: Honourable senators, I would like the bill to go to committee because I do not like the word "misconduct" which is used. Recently there came to my attention the case of a man who had been accused of misconduct under the act. I am not criticising the government in power at the time or the minister, but actually this man had merely failed to carry out some regulation. I do not think a man should be deprived of his pension for that.

During my term as a member of the Manitoba legislature I voted against putting the R.C.M.P. in control of police work in that province, but the majority voted against me in favour of it, and the mounted police were put in charge of law enforcement of both provincial and federal laws in that province. Afterwards, I admitted that although I did not like it, the government of the day was right and I was wrong.

I strongly urge that this bill be referred to a committee.

On motion of Hon. Mr. Turgeon, the bill was referred to the Standing Committee on Banking and Commerce.

BANK OF CANADA BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill 297, an Act to amend the Bank of Canada Act.

He said: Honourable senators, this is a bill to amend the Bank of Canada Act. The bank has been in existence for close to twenty years, having opened its doors in March 1935. This is the first important amendment to the Bank of Canada Act since the year 1936, and it occurred to me that it afforded an opportunity to recall the origin of the Bank of Canada and to review its functions, as a preamble to the discussion of the bill itself. I must admit that I have prepared my remarks along those lines, and have found that the preamble is very much longer than the explanation of the bill, for which I must apologize to my honourable friends.

There is, I think, a general ignorance of the methods by which the Bank of Canada operates and the effects which it has on the economic life of the country. That is an ignorance which I shared, at least until I began a study of this bill. It involves questions relating to the theory and practice of central banking, and these are tied up with all kinds of economic theories and problems which are difficult for the average man to understand. I am quite certain there are a number of members of this house who know a great deal more about these matters than I do; to them I apologize if the remarks I am about to make appear elementary or even

rudimentary. On the other hand, there may be some members of the house whose knowledge of this subject is as vague and sketchy as my own has been; if so, it is to them that I will address the first part of my remarks.

The Bank of Canada came into being as a result of the report of the Macmillan Commission in 1933. That commission, appointed by the Bennett government, was headed by Lord Macmillan, a very distinguished member of the judicial committee of the British Privy Council, who in 1929 had headed a previous commission which presented a famous report on economic conditions in Great Britain. The other members of the Canadian Macmillan Commission, if I may so call it, appointed in 1933, were a number of prominent Canadian bankers and business men. Early in 1934 the commission presented its report, following which the Bank of Canada bill was introduced in parliament, early in the session of 1934, and became law in the course of that year. The Bank of Canada opened its doors on March 11, 1935.

I am sure a great deal of credit is due to the government of Mr. Bennett, and to Mr. Bennett himself, for the introduction of that legislation; and I think I should couple the name of Mr. Bennett in the legislative sphere with the name of a very distinguished public servant in the civil service sphere whom he induced to enter the public service of this country, the man who I think beyond all others was responsible for the actual mechanics by which the Bank of Canada was set up. I refer of course to the late Dr. Clifford Clark, who for so many years was Deputy Minister of Finance.

Hon. Senators: Hear, hear.

Hon. Mr. Hugessen: The Macmillan Commission lays down on page 63 of its report the basic purpose for which it recommended the establishment of a central bank for Canada. Let me quote a few words from that report:

> . . . the central bank . . . should endeavour to regulate credit and currency in the best interests of the economic life of the nation and should so far as possible control and defend the external value of the national monetary unit. In the second place, from the international point of view, the central bank by wise and timely co-operation with similar institutions in other countries, should seek, so far as may lie within the scope of monetary action, to mitigate by its influence fluctuations in the general level of economic activity.

The purpose behind the establishment of a central bank is reiterated in somewhat different language in the preamble to the Bank of Canada Act as it now stands. The preamble contains these words:

> Whereas it is desirable to establish a central bank in Canada to regulate credit and currency in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of the Dominion: Therefore

et cetera.

Honourable senators, I should like to emphasize three parts of that preamble. First, the central bank is expected to regulate credit and currency; secondly, it is expected that it will mitigate by its influence fluctuations in the general level of production, trade, prices and unemployment; and thirdly, I direct attention to the rather important words of qualification which say "so far as may be possible within the scope of monetary action". These last few words, which I should like to discuss for a moment, point the finger to a very important truth—a truth to which my honourable friend from Toronto (Hon. Mr. Hayden) referred in his able speech of last Thursday on the introduction of the Bank Bill—that monetary policy by itself is no magic cure-all for economic ills. The central bank cannot, by and of itself, guarantee continuous prosperity; and that for the reason, as the senator from Toronto pointed out, that there are many other factors which may be involved, such as the fiscal policy of the country as regards such things as tariffs, the international situation as it may exist at any given moment, and the state of international trade.

The international trade picture is of particular importance to a country like Canada which exports to foreign markets about 25 to 30 per cent of her annual production. Almost more important still than those factors to which I have referred is the human element. When I was a student at the university, receiving lectures in economics from Dr. Stephen Leacock and others, I was taught about that rather mythical concept called "the economic man", whose entire activities were directed by economic motives and whose whole aim and ambition was economic in the sense that every step he took was for his own economic advancement. Now, the economic man is, as I say, largely a mythical animal. But I think it can be said that if mankind, in all its actions, were governed solely by what it considered to be in its material interest, and by no other considerations, the task of the economist would be very greatly simplified. In those circumstances the economist would be able to foretell any given course of action which would be taken by any group of men under a given set of circumstances. But men quite often fail to behave in the way in which an economist would have them behave. Their

feelings, their beliefs, their passions and prejudices lead them into a course of action which differs greatly from that which they would follow if they were motivated simply by economic purposes.

Let me give a striking example of that. Look at the situation that exists in India, the Indian Empire as we used to know it under the British regime. India today, in its present political shape, is what I think can with justification be called an economist's nightmare. By every rule of economic geography it should be one country, and one state should rule the whole area between the Himalayan Mountains and the Indian Ocean. But, for religious and racial reasons, the country is divided into three separate segments: the middle segment constitutes the present state of India, or Hindustan, which divides the other two segments, separated from one another by a thousand miles, and forming the present state of Pakistan. As I say, from an economic point of view, it is a nightmare.

Now perhaps you will say to me that consideration of the geographical situation of India is very far removed from the consideration of amendments to the Bank of Canada Act, and I would perhaps be disposed to agree with you, but I did mention this matter merely as an illustration of the truth which is foreshadowed in those words in the preamble of the Bank Act, the truth that monetary action by itself, acting alone, cannot be expected to answer all our national economic problems.

Now, I want to consider those two other parts of the preamble to the act which I mentioned a moment or two ago. These are the duties of the Bank of Canada: firstly, to regulate credit and currency, and secondly, to mitigate fluctuations in the general level of trade and production.

I would like for a few minutes to discuss these functions of the Bank of Canada and the way in which it carries them out. I think perhaps the best way to start that discussion will be to consider the tools with which the bank is provided in order to carry out the job which it is supposed to do, and that involves us in a consideration of the bank's balance sheet. I hold in my hand a copy of the balance sheet of the Bank of Canada as at December 31, 1953. Let us consider first of all the liability side, its liabilities being the capital which it has obtained in various ways in order to acquire the assets which are shown on the opposite, the asset, side of the balance sheet, which I will discuss in a few moments. The principal items on the liability side of the balance sheet are, first, its capital of $5 million, represented by shares, all of which are held by the Minister of Finance on behalf of the people of Canada, and the Rest Fund of $10 million which has been accumulated during the years out of reserves from profits, making $15 million in all. Now, $15 million may seem like a good deal of money to you and me, but it is not a very large item in the balance sheet of the Bank of Canada. Incidentally, the provisions of the Bank of Canada Act with regard to the Rest Fund are being amended in the bill now before us and on which I shall have a few words to say in a few minutes.

The second item of the liabilities on the Bank of Canada balance sheet is Notes in Circulation, $1,599 million odd—say $1,600 million in round figures. That figure represents the total amount of bank notes of all denominations which are in the hands of the people of Canada and are used for their day to day transactions across the counter in which cash passes from hand to hand. The whole of the bank notes of the country are now issued by the Bank of Canada under the provisions of the Bank of Canada Act. As honourable senators will remember, prior to 1935 each of the chartered banks had the privilege of issuing its own notes and it did issue its own bank notes in denominations of $5 and multiples of $5 while, for notes of smaller denominations, the Dominion government itself issued notes of $1 and $2 denominations which were a direct liability of the Dominion government. Since 1935 the Bank of Canada alone has had the right to issue bank notes. The other notes which were outstanding have gradually been withdrawn and few, if any, actually are in existence at the present time. Some of them may be in the hands of collectors.

As I say, bank notes are the medium by which the people of the country carry on their day to day transactions by which cash is required to pass from hand to hand, and it is the responsibliity of the Bank of Canada to see that there are enough bank notes always available to meet the requirements of the trade and commerce of the country. These requirements, of course, vary. In a period of business activity, and when the price level is increasing, naturally, the number of notes required tends to expand, and vice versa. Also of course, there are seasonal variations in the requirements of the people of Canada for bank notes. It is a common experience that during the fall months when the western crop is being sold and the Christmas trade is active, the people of Canada need a good many more bank notes than they do later on, so that the bank note issue tends to increase at the end of the year and to drop again during the months of January and February. Now, in spite of this enormous

sum of $1,600 million of bank notes outstanding, I must say that the total of outstanding bank notes in Canada in circulation is not a very important factor when you consider the total credit and the total economic activity of the country. Let me give you an example or two of that.

On the 31st of December last we had $1,600 million of bank notes outstanding. On the same date the chartered banks had loans outstanding to people in Canada of $4,000 million, more than 2½ times the amount of notes outstanding, while the deposits of the people of Canada in their banks totalled $5,000 million. Take another example. In the year 1953 the gross national product of the country, as estimated by the Dominion Bureau of Statistics—that is, the total value of all the wealth produced by Canada in 1953—was $24,000 million, which is more than 15 times the amount of bank notes that were actually in circulation at the end of the year. Now that all points up a very important fact of which every honourable senator is well aware, and that is, that in the modern business world credit is far more important than cash. I do not need to point out to honourable senators that nearly all big business transactions are carried out by exchanges of bank cheques, that is, by transfers of bank credit from one to another, without any actual cash or Bank of Canada notes passing from hand to hand.

The third item on the liability side of the Bank of Canada balance sheet is deposits, and it includes deposits by the chartered banks of $623 million odd. Now, as the honourable senator from Toronto (Hon. Mr. Hayden) told us last Thursday, the Bank of Canada Act at the present time requires the chartered banks to maintain at all times in the Bank of Canada a minimum cash reserve of at least 5 per cent of their total liabilities to depositors in Canada. That provision has now been taken out of the Bank of Canada Act and incorporated into the Bank Act, while the 5 per cent is being increased to 8 per cent; and furthermore, as my honourable friend from Toronto (Hon. Mr. Hayden) told us, in actual practice the chartered banks normally retain a reserve of 10 per cent in cash against their deposit liabilities in Canada. And, as I say, since 1935, the Bank of Canada Act has required that the chartered banks shall keep these reserves in the Bank of Canada. These cash reserves of the chartered banks are held in the Bank of Canada partly in the form of the Bank of Canada's own notes but principally in the form of deposits with the Bank of Canada which they can exchange for Bank of Canada notes any time they want to do so. It is this item of the deposits of the chartered banks in the Bank of Canada that is responsible for the figure of $623 million to which I have referred.

I have now discussed the three principal items of liabilities on the Bank of Canada's balance sheet; namely, capital and rest fund, $15,000,000; notes in circulation, $1,600 million; deposits of the chartered banks $623 million. Add to these a few other items, such as deposits by the government, liabilities payable in foreign currencies, and so on, and there is a total of $2,437 million on the liability side of the Bank of Canada balance sheet as at December 31 last. These items together represent the capital funds which the bank had at its disposal.

To turn to the assets side of this same balance sheet, let us see what the bank has done with these capital funds of $2,437 million. First of all there are some items, large in amount but relatively small in proportion to the total: holdings of foreign exchange, $55,000,000; cheques on other banks—which of course are the equivalent of cash—$43,000,000; shares of the Industrial Development Bank, $25,000,000; bank premises, approximately $5,000,000. But by far the largest item on the assets side of the Bank of Canada balance sheet is: investments, $2,308 million. That figure is broken down into certain items: short-term securities issued or guaranteed by the Government of Canada or provincial governments, $1,376 million; other securities issued or guaranteed by the Government of Canada or provincial governments, $893 million; and a few other securities. The house will observe that by far the largest asset of the Bank of Canada consists of short-term securities issued or guaranteed by the Dominion or by provincial governments. Under the Bank of Canada Act "short-term securities" are defined as securities which mature less than two years after the date of their acquisition by the Bank of Canada.

The bill contains certain changes in the requirements as to what kind of securities the Bank of Canada shall purchase. I shall mention these in a few minutes.

I come now to the basic question: How, with this set-up, with these assets and with these liabilities, is the Bank of Canada able to perform the function prescribed for it in the words in the preamble of the Act which I have read "to regulate credit . . . and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment"? This involves complicated questions of economic and monetary policy,

on which volumes have been written, but I can only attempt to give a most general and perfunctory description of how the system works.

Bear in mind that the business life of the country is carried on very largely by credit. The amount of credit available to carry on and expand business depends very largely upon the amount of money—that is, not actual bank notes, but bank credit—that the chartered banks have available for the purpose of lending to their customers or for investment at any given time. As I said, the chartered banks normally maintain cash reserves with the Bank of Canada equal to 10 per cent of their deposit liabilities. To the extent, therefore, that the cash reserves of the chartered banks are increased, their ability to extend credit to their borrowers is increased over a period of time by approximately ten times the amount by which their cash reserves have been increased. Conversely, any decrease in the cash reserves of the chartered banks results in a reduction, over a term of time, of approximately ten times that reduction in the amount of credit that they can extend to their customers.

I must say I had considerable difficulty in understanding this, but I am assured that it is true that the amount of credit which a bank can extend to its customers, and thereby the amount that it can loan for the trade and business of the country, varies to the degree of ten times the amount of cash reserves which it happens to have at any given time.

Hon. Mr. Reid: It sounds almost like Social Credit.

Hon. Mr. Hugessen: Yes. This is the precise point where the Bank of Canada comes in. The Bank of Canada is in a position to control and to vary the amount of cash reserves of the chartered banks. It does that by buying and selling securities on the market—almost entirely short-term government securities. These are referred to as the "open market operations" of the Bank of Canada. The system works in this way. Suppose for example that the Bank of Canada is of opinion that the economy of the country needs stimulation, and that more bank credit is required. In that case it buys government securities on the market. Take a concrete case: suppose the Bank of Canada buys $10 million of government securities on the market. It pays the sellers by cheques drawn on the bank itself. What do the sellers do with those cheques? Of course they deposit them in their own accounts with the chartered banks. In turn, the chartered banks deposit these cheques to their credit with the Bank of Canada, and the cash reserves of the chartered banks with the Bank of Canada are increased by that amount. This increase in turn forms the basis on which the chartered banks conclude that they can safely lend to their customers up to ten times the amount of their increased cash reserves. When that operation takes place, the general effect is that money becomes easier to borrow and interest rates on borrowed money tend to go down. That, of course, accords with the old law of supply and demand.

Take the converse case. Suppose the Bank of Canada feels that there is an over-expansion of bank credit and a tendency towards inflation. It will then sell government securities from its portfolio on the market. The exact opposite of what I have already described then takes place. The purchasers issue cheques in payment for these securities on their own chartered banks. The result is a decrease in the cash reserves of the chartered banks, and a consequent decrease of about ten times the amount of that decrease in the lending power of the chartered banks. The general effect of an operation of that kind is that money becomes tighter, borrowing is discouraged, and interest rates tend to rise.

The way the system worked in 1953 is clearly set out in the Annual Report of the Bank of Canada to the Minister of Finance, a copy of which I hold in my hand, and from which I shall quote two sentences appearing on page 12:

> During the first nine months when there was a strong demand for bank loans the Bank of Canada reduced slightly its holdings of government securities and the cash position of the banks tended to be on the tight side. In the final quarter of the year when the demand for bank loans was easing somewhat the Bank of Canada was a net buyer of securities.

That simply means that during the first nine months the Bank of Canada deemed it wise to restrict the extension of credit, while during the last three months it thought it advisable to increase it.

Honourable senators, those are the open-market operations carried on by the Bank of Canada in fulfilment of its function to regulate credit and trade. These open-market operations are not the only means by which the Bank of Canada can affect the credit position of the country. A great deal can be done, and is done, by consultation and agreement between the Bank of Canada and the chartered banks without any positive action by the Bank of Canada being necessary. One example of that was given by my honourable friend from Toronto (Hon. Mr. Hayden) last Thursday when he referred to the action two years ago of the Bank of Canada and the chartered banks, when it was decided that there was too great a call

on credit, with the possibility of inflation, and by agreement the chartered banks restricted their loans to their customers.

This method of open market operations of the Bank of Canada sounds easy enough if you can understand it, although I am afraid I had a good deal of difficulty in doing so myself. Here again I think I should repeat what I said about the warning which the preamble to the act contains. Monetary action alone cannot ensure unending prosperity. There are other factors involved, of which I have mentioned a few. If honourable senators want a simile, I think one can say that the function of a central bank is like that of the stabilizers which have been installed on some modern ships. The function of a stabilizer is to try to keep the ship on an even keel. It cannot prevent the ship from running into storms, but when the storms come the stabilizer tends to prevent the extreme rolling and pitching which might otherwise endanger the ship and which would certainly cause extreme discomfort and distress to the passengers and crew.

In talking about economic storms it is interesting to speculate what would have been the effect if the Bank of Canada had been in existence when this country ran into the economic hurricane of October, 1929 as a result of the catastrophic fall in security markets at that time. The hurricane could not have been avoided; its sources lay largely outside of Canada and some of its origins had little to do with questions of monetary policy. I think it is safe to say, however, that there are at least two ways in which the Bank of Canada, had it been in existence in 1929, could have stabilized the ship and have moderated the severity of the storm.

Hon. Mr. Haig: May I interrupt the honourable gentleman to ask a question at this point? Did I understand him correctly to say that the depression of 1929 was not caused by the Conservatives?

Hon. Mr. Hugessen: I shall go even further and say that it was not even caused by the honourable gentleman from Churchill (Hon. Mr. Crerar).

Hon. Mr. Haig: The honourable gentleman from Churchill was not in the government at that time.

Hon. Mr. Lambert: Yes, he was.

Hon. Mr. Haig: No, he was not.

Hon. Mr. MacKinnon: Order!

Hon. Mr. Hugessen: Honourable senators, I was attempting to describe two ways in which the Bank of Canada would have been able to mitigate the severity of the depression in 1929. During the period of 1928-29 there was an orgy of speculation on the stock markets, indulged in by a great many people who should never have been in the stock market at all. This was done with money borrowed by their brokers from the banks. I feel certain that had the Bank of Canada been in existence at that time, long before the crash came in October of 1929 the Bank would have foreseen that danger.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Hugessen: And either by positive action in reducing bank credits or by agreement with the chartered banks, similar to the agreement made two years ago, it would have seen to it that that orgy of speculation was curtailed before it became too great. In the second place, when the crash actually came, the chartered banks had to face enormous demands for cash, and their reserves were depleted to a tremendous degree. The only way they had to replenish their cash reserves—and they had to do it—was to call in a great number of call loans, money which they had loaned to people who, if they had been given time, would have been able to get out of their difficulties and repay their loans without any trouble. As it was, the banks had no recourse but to call a large number of these loans, and the result simply aggravated the catastrophe and added to the disaster. Had the Bank of Canada been in existence in 1929 it could, by the operation I have described, have replenished the cash reserves of the chartered banks, and this would have enabled them to avoid having to call all of those loans and to create the additional misery which resulted from the depression.

Hon. Mr. Euler: Could not the great central reserve bank of the United States have performed that function in that country?

Hon. Mr. Hugessen: My understanding is that there was no central bank in existence in the United States at the time of the depression of 1929.

Hon. Mr. Horner: Not performing the same function as a bank.

Hon. Mr. Hugessen: I think the experience of the United States was similar to ours, that after the depression they decided to create a central bank to look after disasters of that kind.

Hon. Mr. Euler: I was under the impression they had such a bank then.

Hon. Mr. Hugessen: I do not think so.

Hon. Mr. Horner: Is it not a fact that a central bank might have prevented some of

our chartered banks from holding large amounts of, in many cases, worthless stock from foreign countries?

Hon. Mr. Hugessen: That may have been so, but I think that would have been done more by the Superintendent of Banks than by the Bank of Canada.

Honourable senators, I have attempted, I am afraid at rather inordinate length, to deal with the two principal functions of the Bank of Canada. Those two functions are, first, to regulate the cash reserves of the chartered banks and thereby control the credit of the country, and, second, to regulate the issue of bank notes. The Bank of Canada has other functions which I shall mention very briefly. It acts as the fiscal agent for the federal government. In other words, it manages the government's funded debt, and that fact is important when you realize that the federal government has outstanding nearly $12 billion of obligations in the form of victory bonds and other similar liabilities. Closely connected with that function, the Bank of Canada also gives financial and economic advice to the government. One very recent example of the working of these two functions combined has been the recent calling for redemption, before their maturity, of the third and fourth Victory loans, aggregating several hundred millions of dollars, at a time when bank credit is abundant and interest rates low; and I am bound to say that I think that that is a condition of affairs to which the bank's own policy during the past few months has contributed, and contributed designedly. The government has thus been enabled to sell $850 million in new securities to replace the Victory loans called at a low rate of interest, and on favourable terms. The whole of that operation has been carried out through the agency of the Bank of Canada.

One final function of the Bank of Canada is to maintain economic and financial research and analysis of conditions and trends, not only in Canada but throughout the world.

The Bank of Canada has a very highly qualified and competent staff which keeps watch upon the economic and monetary situation in the world at all times. The bank must be in a position to advise the government from day to day on monetary and economic conditions, upon which public policy can be based.

One very striking example of the way in which the experience of the Bank of Canada was valuable to the government was given at the very critical time when the war broke out, in 1939, and it was necessary to regulate and control foreign exchange. The government had in the Bank of Canada an instrument immediately available with all the necessary knowledge and technical advice at its disposal. The Foreign Exchange Control Board was in effect a part, or a subsidiary, of the Bank of Canada; and I think every honourable senator will agree with me that during its existence the Foreign Exchange Control Board carried out its functions in an admirable way.

I have now completed my analysis of the way in which the Bank of Canada carries out the statutory duties it is called upon to perform.

Hon. Mr. Burchill: Before leaving that point, would the honourable senator go one step farther and tell the house who directs the policy of the bank as to when credit should be expanded and when it should be diminished, as he has indicated is done?

Hon. Mr. Hugessen: Well, that is a function primarily of the Governor and the directors of the Bank of Canada, but I assume that they must always act in co-operation with the Department of Finance and the government of the day.

Hon. Mr. Lambert: Hear, hear.

Hon. Mr. Kinley: The honourable gentleman read from the annual statement of the Bank of Canada. Can he say how much profit the bank made last year?

Hon. Mr. Hugessen: The profit for the year ending December 31, 1953, after making provision for contingencies and reserves was $44,092,807.

Hon. Mr. Euler: Does that amount go to the consolidated fund?

Hon. Mr. Hugessen: Not all of it; some of it goes into the rest fund, and I will explain that later.

At this point there is one thing I feel bound to do, and I am sure honourable senators will agree with me, and that is to pay a really heartfelt tribute to the man who has been the Governor of the Bank of Canada ever since it was founded in 1934—Mr. Graham Towers.

Hon. Senators: Hear, hear.

Hon. Mr. Hugessen: And to the exceedingly able staff which he has selected to assist him in the administration of the Bank of Canada's affairs.

That, honourable senators, completes the preamble; I now come to consideration of the bill itself.

Hon. Mr. Horner: Would the honourable senator include in his words of congratulations the man who selected the man for that high position?

Hon. Mr. Euler: He did.

Hon. Mr. Horner: I thank him very much for the gratitude he has expressed, but I do not think he included the man who selected the man who is now Governor of the bank.

Hon. Mr. Hugessen: I think I have already said that in this whole matter of the establishment of the Bank of Canada, Mr. Bennett deserves great commendation.

Hon. Mr. Horner: You should mention the benefit it was to Canada to have a business man pass this way, if only for a short period of four or five years.

Hon. Mr. Hugessen: I entirely agree with my friend from Blaine Lake (Hon. Mr. Horner).

Hon. Mr. Euler: Carried.

Hon. Mr. Hugessen: The bill contains four or five important amendments to which I should draw the attention of the house.

I have mentioned the minimum cash reserves which chartered banks are required to maintain with the Bank of Canada. The minimum, which is now 5 per cent, will by the proposed new Bank Act be raised to 8 per cent, and as a matter of practice the banks maintain a cash reserve of 10 per cent.

Under paragraph (o) of subsection (1) of section 18 of the bill, the Bank of Canada is given the right to vary, again in an upward direction, the reserves which the chartered banks are required to maintain with the Bank of Canada, between the minimum of 8 per cent, called for by the Bank Act, and a maximum of 12 per cent.

Hon. Mr. Euler: Of what?

Hon. Mr. Hugessen: Of their total deposit liabilities in Canada.

Hon. Mr. Haig: May I be permitted to interrupt the honourable gentleman to ask him what the Bank of Canada pays by way of interest on the reserves set up by the chartered banks?

Hon. Mr. Hugessen: Nothing is paid by way of interest; these are simply demand deposits.

Hon. Mr. Haig: No interest is paid?

Hon. Mr. Hugessen: No, no interest at all. The reserves may be likened to open accounts such as you or I might maintain with a bank and which earn no interest, in contradistinction to savings accounts. As I say, under this bill the Bank of Canada is given the right to vary the reserves which the chartered banks are required to maintain with the Bank of Canada, between 8 and 12 per cent, subject to the condition that a month's notice of any variation is given, and subject also to the provision that the percentage must not be increased by more than one per cent per month. This amendment puts an effective weapon into the hands of the Bank of Canada to control the danger of inflation.

Perhaps I should say here what it is intended that this amendment should do. The addition of the power to vary reserve requirements to the techniques now available to the Bank of Canada in implementing monetary policy, will bring them into line with those of central banks in other countries. However, it is not the intention or expectation that this power is one which will be frequently used. Much more likely it will be limited to special and temporary situations where the present methods of restraining monetary expansion need to be supplemented. Incidentally, it is believed that an announcement by the central bank of an increase in reserve requirements would have helpful psychological effects. It would be a specific indication to the chartered banks' customers that restraint in the use of credit was necessary, and that the banks' capacity to increase loans was being restricted.

The second amendment to which I wish to refer has to do with the rest fund, and is set out in section 12 of the bill. Under the original act of 1935, it was expected that the rest fund would stop as soon as it became twice the amount of the issued capital, which it has now reached. The fund is now $10 million, while the original capital is $5 million. This amendment will provide that one-fifth of the annual profits of the bank are to be added to the present rest fund until such time as the rest fund reaches five times the issued capital of the bank, or $25 million.

Hon. Mr. Connolly: It is a reserve fund?

Hon. Mr. Hugessen: Yes.

Hon. Mr. Connolly: Is a tax paid on that reserve? I do not believe it is.

Hon. Mr. Lambert: It has nothing to do with tax.

Hon. Mr. Hugessen: The entire profit of the Bank of Canada, after setting aside its reserve and so on, goes directly to the Minister of Finance; whether he places a tax upon it in his own hands or not, I do not know. I think it is unlikely.

Certain changes are brought about by paragraph (d) of subsection (1) of section 18 in the requirement as to securities which the bank is allowed to purchase. The present

act restricts the purchase of securities maturing more than two years after their purchase by the bank. Under the proposed amendment those restrictions are removed, because they are felt to be no longer necessary.

The bill provides various changes in the internal administration of the bank, but they are not of great importance, and a good many of them are drafting amendments and nothing more.

The bank will continue to be managed by a Governor, a Deputy Governor, and the twelve directors, but provision is made that the annual remuneration of the twelve directors be increased from $20,000 to $30,000. This, under modern conditions, is not unreasonable.

Hon. Mr. Reid: How many directors are there?

Hon. Mr. Hugessen: Twelve.

There are a few other amendments, but I do not think they are important enough to discuss at this stage; they can more profitably and fruitfully be gone into when the bill is considered in committee.

I should like to conclude by making a statement with which I am sure every honourable senator will agree. The Bank of Canada has fully justified the hope of its founders, and has demonstrated the wisdom of establishing it. It is a valuable, indeed an essential, instrument for carrying out the policies of the country in monetary and economic affairs.

Hon. Mr. Baird: Will my honourable friend permit an interruption? Was the Bank of Canada started as a private institution or under government auspices?

Hon. Mr. Hugessen: I did not deal with that point, but the fact is that when the Bank of Canada was first started by Mr. Bennett, in 1934, he took as an example the Bank of England, which had a good deal of private capital. When the Bank of Canada opened it had a capital of $5 million, of which half was subscribed by the government and the public was invited to subscribe to the remaining $2½ million. The dividends were limited to 4½ per cent, and the right of the public to control was limited to electing one less than a majority of the board of directors. When the King government came into power, in 1935, it felt—and I think this was the only difference of opinion between the two political parties with regard to the Bank of Canada—that it was better for the whole of the capital of the bank to be owned by the government; therefore, in 1936 the King administration bought from the public the $2½ million capital, which meant that the total shares of the bank, to the value of $5 million, were then held as they still are today, by the Minister of Finance for the people of Canada.

I would add one word, honourable senators: the Bank of Canada from its inception has been managed with the utmost ability and integrity.

I move the second reading of the bill.

Hon. Senators: Hear, hear.

Hon. Cyrille Vaillancourt: Honourable senators, I congratulate the honourable senator from Inkerman (Hon. Mr. Hugessen) on his splendid explanation of the bill before the house.

May I be permitted to say a few words on this important measure? I agree that the Bank of Canada controls the economy of this country. For that reason it is necessary that its governor be not only a clever man, but an able man. It is the function of the Bank of Canada to control inflation or deflation. To make wise decisions in the performance of their duties, the directors must have wide knowledge of financial matters. Before they act they must take into consideration not only the economy of Canada, but also that of the United States and of the world. During the period from 1932 to 1938 certain other countries set up central banks, but these failed to control the economies of their countries in time. During the past year we have seen things happen in countries not very far from here which caused the Bank of Canada to change its policy with regard to them.

After the close of the war, around the year 1947, Canadian government bonds were selling in the open market at $108 per $100 bond. Of course, the Bank of Canada was maintaining that price. As recently as last December Canadian government bonds of $100 face value, 1966 maturity, were selling at $92, and many organizations which had invested their funds in these bonds were obliged to sell at a big loss. At the present time Canadian government bonds are practically at par, and I think that the Bank of Canada is responsible, inasmuch as one of its functions is to protect our money.

On the question of exchange rates between Canadian and United States currencies, I am personally of the opinion that it would be better for Canada if the currencies of both countries were at par with each other. If there is a big difference in exchange rates between the two, I am sure that we are the losers, certainly in the markets of the world. I think that this difference in exchange rates has had some effect on the prices of our bonds during the last few months.

I am sure that, considering all the factors involved, the Governor of the Bank of Canada

is doing his best to protect our markets, our money, and the general interests of the citizens of Canada. Honourable senators will realize that it is very difficult to control the economy of our country. Before the war Bank of Canada notes in circulation amounted to $350 million. At the present time the total is $1,600 million—practically 5 times as much—while the population has not increased anything like that. That would indicate a degree of inflation. However, business has expanded and prices have increased.

That brings up another question, one that people throughout the country ask: why does the government not print bank notes? Well, it is a very easy matter to print bank notes, but the question that follows is more important, namely: after they are printed, what value is placed upon them? We sometimes think that from the point of view of small businessmen in the country the printing of bank notes by the government might be a good thing for the economy of the country. Organizations sometimes advocate that step, but I personally think it is better for the government to sell debentures or bonds.

Let me illustrate by taking the case of Germany. I was in Germany in 1922, about the time inflation was setting in; and when I arrived I could get only 80 marks for $1 Canadian, and during the next three days the price fell to a point where 600 marks could be bought for $1. The situation deteriorated rapidly, and a month later the number of marks that could be bought for $1 was 1,000. Canada, on the other hand, did not go through anything like that. It is one of the functions of the Bank of Canada to control inflation and deflation, but this must be done in conjunction with other countries. In order to develop our own economy it is necessary to act with other countries.

Hon. R. B. Horner: Honourable senators, I am sure we all appreciated the very clear explanation given by the honourable senator from Inkerman (Hon. Mr. Hugessen), on the legislation before us. It undoubtedly points up the importance of a central banking system to the economy of any country.

I listened with interest also to the remarks by the honourable member for Kennebec (Hon. Mr. Vaillancourt), especially his remarks about Germany. Indeed, we all remember Germany's plight, when her currency was completely debased and became worthless, and her people found themselves, seemingly with all their life savings gone. Subsequently, Dr. Schact set up a monetary system that enabled Germany to replace its slums with modern houses, and to build a war potential that was almost equal to any in the world. But at the end of the war Dr. Schact was arrested and tried for being the brains behind the financial arrangements that made it possible for Hitler to finance his military operations. Of late Dr. Schact has been visiting several countries, presumably advising on monetary systems, but how successful he has been I do not know.

I agree that the banking business requires men of exceptional talent. However, for my own part, banking is usually a simple matter of borrowing enough money to do business with.

My chief purpose in rising, honourable senators, was to thank the honourable gentleman from Inkerman (Hon. Mr. Hugessen) for the very painstaking speech that he made on this bill.

Hon. Mr. Reid: May I ask the honourable senator from Inkerman a question? Section 7 provides that the board may appoint one or more Deputy Governors; section 6, subsection (1), provides that the Deputy Governor shall be appointed by the directors with the approval of the Governor in Council; and according to section 5, subsection (1), the board of directors shall be composed of a Governor, a Deputy Governor, and twelve directors. I do not understand the provision in section 7 whereby the board may appoint one or more Deputy Governors, for I am wondering just what authority the deputies would have. And will the Governor in Council have any control over the appointment of these Deputy Governors?

Hon. Mr. Hugessen: I am afraid that I am unable to answer my honourable friend with any accuracy. The Governor and the Deputy Governor, with twelve directors, constitute the board of directors of the bank. That is provided for in section 5. I think all that section 7 does is to provide that the board may appoint some subordinate official as an assistant or, as we might call him, an associate governor who is not the deputy governor and is not a member of the board.

Hon. Mr. Reid: That could be clarified in committee?

Hon. Mr. Hugessen: Perhaps the wording may call for some change to clarify that situation.

Hon. Norman P. Lambert: Honourable senators, I hope that other honourable senators will contribute to the discussion of this bill, because it is, I believe, a fundamental and very important piece of legislation.

In my opinion, the honourable senator for Inkerman (Hon. Mr. Hugessen) has presented the bill in all its aspects most lucidly and admirably. Naturally, some questions arise which can be dealt with in committee. The

matter to which the honourable senator from New Westminster (Hon. Mr. Reid) has just referred, that is what may be called the "tidying-up" of the organization of the bank as prescribed in the first clauses of the bill, does not materially change the character of the organization. One outstanding feature which he must have noticed is that it is to be made legally possible for an official of the bank to be also a director of another crown company, such as the Central Mortgage and Housing Corporation. Also, every member of the board must be a Canadian citizen, not just a British subject. These little points are referred to in the bill. But the main feature of the legislation, as the honourable senator from Inkerman has so well brought out, is that for an indefinite time, at least so far as the Minister of Finance or anyone else can foresee, it establishes the authority of the central bank as the director and the great guiding light of the country's financial and fiscal policy. Currency, for example, is finally put under the control of the central bank, and any outstanding currencies of the old banks will be completely eliminated from circulation.

Some questions have been asked about the relation of the Bank of Canada to the economic conditions in Canada as a whole, and some references by way of comparison have been made to the functions and the operations of the reserve system of the United States at the time of the depression which began in 1929. The big difference between ourselves and our neighbours was that we had then, as we have now, as a basis of the finances of this country a branch banking system. The United States never had a branch banking system in the same sense. The reserve banking system with which it met the situation in 1929-30 was composed of a series of isolated units related to the operations of innumerable local banks here and there which had given too much credit and had overvalued securities of one kind and another, including farm mortgages. Our branch banks, of course, gave credit, but all of them were and are connected very definitely with a few central head offices in direct contact with the government through the Department of Finance. It was necessary for the Government of Canada, under the regime of the late Right Honourable R. B. Bennett, to stabilize the values of securities held by the head offices of our branch banks. Probably the episode has been forgotten, but at that time arbitrary measures were taken, and I think, wisely. Looking back now, it seems to me they reflect a great deal of credit on the courage of the Prime Minister of that day, who was also pretty much in control of the Finance Department as well, in setting an arbitrary value on certain securities and thereby enabling the banks to carry on the national economy. Fortunately things came out all right. That function, which was then performed by the federal Department of Finance would now be performed by the Bank of Canada in conjunction with the Minister of Finance.

I think that in this legislation there is some suggestion, in the increasing of reserves from 8 to 12 per cent, or possibly higher, that in relation to fiscal policy the Bank of Canada and the Minister of Finance have their eyes fixed on the future, a future whose horizon is not so far removed from the present time.

Regarding action which may have to be taken, as far as any action can be taken, to meet another economic depression, it may be recalled that the depression of 1929-30 did not originate either in this country or in the United States. It was pretty largely the consequence of a bad war settlement, including attempts to finance the obligations of the peace treaty of 1919. When the loans made to Germany were repudiated, the impact upon the New York market really started the downward movement. At the same time the world was cluttered up with unsaleable commodities. Canadian wheat and flour were lying in ports all over the world, and their owners, of course, had to bear the losses resulting from declining prices. The experience of that time gave rise to a great deal of discussion as to financial measures which might be taken to secure Canada from the recurrence of such a violent depression.

It must be said that the central Bank of Canada was distinctly bi-partisan in origin. The credit for having parliament set up the foundation of a central bank in this country must naturally go to the Prime Minister of that day, the Right Honourable Mr. Bennett. However, I remember very distinctly that when a certain by-election was being held in an Ontario constituency, the Leader of the Opposition at that time made a speech in which he advocated the need for monetary reform and the establishment of a central bank in Canada. The person who benefited somewhat by the outcome of the issue in that by-election is my honourable friend from Huron-Perth (Hon. Mr. Golding), who is sitting in this chamber right now. It was following that by-election that the Prime Minister went to England, where he consulted with Sir Montague Norman, the head of the Bank of England. He asked Sir Montague's advice about establishing a central bank for Canada, and Sir Montague told him that every civilized country should have a central bank in those days. Even before the Prime Minister returned to Canada arrangements were made

with Lord Macmillan to head a commission to sit in this country and make a report, which was to become the foundation for our central bank.

Just as the appointment of the first Canadian Governor General in this country can be traced to a suggestion made by a Conservative Prime Minister, so possibly can the establishment of a central bank in Canada be attributed partly at least to the proposal of the Leader of the Opposition in the first five years of the thirties.

Hon. Mr. Horner: May I say that prior to 1921 the same man advocated many things that he never undertook to fulfil when later he was in office.

Hon. Mr. Lambert: Going back to the days after World War I, I am quite sure my honourable friend from Blaine Lake (Hon. Mr. Horner), together with the honourable senator from Churchill (Hon. Mr. Crerar), was identified at that time with the Farmers' Progressive movement. If I am not mistaken their platform, which was quite a pretentious one, recommended establishment of a central bank in Canada, but this was forgotten in the midst of the prosperity of the twenties. It was only when the depression of 1929 and 1930 came upon us that someone thought about constructing stabilizing machinery for the future.

At all events, little satisfaction exists in endeavouring to make any partisan capital out of these facts now. The final result from all reaction of opinion upon this subject was that the government established a central bank. I think it was almost an act of Providence that the times produced that institution and also the men to administer its affairs. That is what happened in the beginning of the thirties. It is a blessing that that institution was established some twenty years ago, for this bit of machinery was certainly of great consequence in helping Canada finance its way so creditably through the recent war.

I am sure we all have a good deal of hope and confidence that this amended Bank of Canada Act will operate just as successfully in the future as the original act has operated over the past twenty years.

Hon. Senators: Hear, hear.

The motion was agreed to, and the bill was read the second time .

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hugessen, the bill was referred to the Standing Committee on Banking and Commerce.

CROWN CORPORATIONS EMPLOYEES SUPERANNUATION BILL

SECOND READING

Hon. Cairine R. Wilson moved the second reading of Bill 461, an Act to amend certain Acts respecting the superannuation of Government employees transferred to Crown corporations.

She said: Honourable senators, after the explanation which has just been given to the bill amending the Bank of Canada Act, I feel I have a comparatively simple task before me. The Leader of the Government (Hon. Mr. Macdonald) has suggested I explain this bill in the fewest words possible.

Hon. Mr. Macdonald: Oh, no, not the fewest words.

Hon. Mrs. Wilson: When crown corporations were first set up, in accordance with the provisions of the Government Companies Operation Act, as well as other acts establishing crown companies, a civil servant who had been contributing to the superannuation account under the Civil Service Superannuation Act could continue to be a contributor and enjoy all the benefits of that act if he left his employment in the Civil Service and became an employee of one of the crown companies.

As a result of the coming into force of the Public Service Superannuation Act, on January 1 of this year, it has been found necessary to introduce certain new provisions. The crown corporations coming under the operation of the act which is being affected by this bill are the Canadian Broadcasting Corporation, the Canadian Overseas Telecommunication Corporation, Canadian Arsenals Limited, Polymer Corporation Limited, and Eldorado Mining and Refining Limited, under whose pension plan employees of Eldorado Aviation Limited and of Northern Transportation Limited come.

With the placing on the statute books of the public service pension plan, it has been decided that all employees who transfer to crown corporations after January 1 of this year will come under the pension plan of the corporations to which they transfer; otherwise it would be possible for a person with slightly over a year's temporary employment to transfer to a crown company and continue to enjoy benefits under the Public Service Superannuation Act. In other words, such an employee could reap a double benefit.

I would point out that the bill also amends the St. Lawrence Seaway Authority Act so far as pension provisions are concerned. Persons entering the service of the St. Lawrence Seaway Authority will enjoy the benefits of

the Public Service Superannuation Act until such time as the Authority establishes its own pension plan. The same is true in the case of perhaps one or two other crown corporations which have not yet been considered. The only crown company which has no pension plan is Park Steamship Company, the reason being that it no longer actually functions as a crown corporation.

I think those are the principal features of the proposed amendments to the present act.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

WAR SERVICE GRANTS BILL

SECOND READING

Hon. A. B. Baird moved the second reading of Bill 82, an Act to amend the War Service Grants Act.

He said: Honourable senators, the War Services Grants Act was passed originally in 1944 and laid down the conditions under which benefits were paid to men serving in the forces during the second world war of 1939-45. A matter of further interest is that its provisions are applicable to members of the Canadian Forces serving in the Korean theatre of war.

There are a number of amendments being made at this time. The first amendment will extend by a period of five years the period of time within which veterans may apply for re-establishment credits. At present the act provides that such credits must be applied for within ten years from January 1945 or ten years from the date of discharge of the veteran, whichever period is later. As of December 31, 1953 there remained unapplied for or unused an amount of $35,045,209.23 standing to the credit of 174,729 Second World War veterans. In addition to this an amount of $3,283,786.50 had been set up for the Korean veterans and by the end of last year 12,624 applications had been received from the latter, in respect of which payments totalled $1,267,875.29. By being given the benefit of this further period of time the veteran is enabled to have a longer period within which to assess his future plans and avoid being forced into taking up his credits before he has carefully arranged long-term rehabilitation.

A second amendment establishes January 1, 1960 as the final date within which a veteran of the Second World War may take advantage of the benefits of the Veterans' Land Act. However, a further amendment in this bill will permit a veteran who has re-establishment credits standing to his account to use them for the purchase of insurance under the Veterans Insurance Act, notwithstanding the expiration of the time limit under the Veterans Insurance Act, which was originally established as December 31, 1954.

With respect to the subject of War Service gratuities, an amendment in this bill sets a time limit of December 31, 1954 after which applications for such war service gratuities in respect of World War II may not be received. As honourable members know, these gratuities were based on the length of service of the veteran, and after the War Service Gratuities Act was enacted in 1944 they were paid to the veteran automatically upon discharge. Therefore, most veterans have received their war service gratuities. However, prior to that date it was necessary for the veteran to make application for gratuities, and many of them failed to do so. As a result there was, as of June 30, 1953, approximately $500,000 remaining to be paid to some 8,500 veterans who had not come forward for these amounts due to them. For the most part they were men with a very short period of service, mostly in Canada, and for that reason they have probably either not thought it worth while to apply or are unaware of the situation. Since 1951 letters have been sent out to all veterans who had not applied for gratuities, and as a result 3,400 applications have been received. During the next six months every attempt will be made to locate these veterans and advise them of their entitlement, but if at the end of that time they have not yet come forward it is thought practical and desirable that a cut-off date should be established. A similar cut-off date of April 21, 1924 was established following World War I, so that in the case of World War II veterans the period within which application might have been made is somewhat longer.

An amendment is also contained in this bill respecting re-establishment credits payable under the War Service Grants Act to children of deceased veterans. Up to the present time these could be paid to the widow or dependent mother of a veteran. The amendment will make this credit available to orphans or to children who have been abandoned by a surviving mother. In other words, the section preserves the normal eligibility of a widow but establishes the priority of dependent children to the widow who has abandoned children or to a dependent mother.

With respect to the case of mothers, however, there is also provision whereby a mother

may use the establishment credit of a deceased veteran. Under the provisions of the present act the mother must have been wholly dependent on the deceased veteran. This is being amended to read "wholly or to a substantial extent dependent on the deceased", in order that cases in respect of which there is hardship may be reviewed and adjusted.

The proposed legislation corrects an error that has been found in subparagraph (ii) of paragraph (a) of subsection (1) of section 12 of the statute as revised. It substitutes "home" for "house", thus bringing back the original meaning of the subparagraph.

Honourable senators, I suggest that if this bill is approved by this honourable house it be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Aseltine: Honourable senators, in spite of the excellent explanation of this bill made by the honourable gentleman who has just taken his seat, there are a number of questions I should like to ask the minister or his deputy. For that reason, although we are more or less in favour of the amendments, I agree that when the bill has passed second reading it should be referred to the Banking and Commerce Committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Baird, the bill was referred to the Standing Committee on Banking and Commerce.

ATOMIC ENERGY CONTROL BILL

SECOND READING

Hon. George P. Burchill moved the second reading of Bill 393, an Act respecting the Atomic Energy Control Act.

He said: Honourable senators, Bill 393 deals with a subject which I regard as one of the most important, as well as amazing, developments of modern science, and one which will have a most profound influence on the future development of this great country —I refer to atomic energy.

In order to approach the purpose of the bill in an intelligent way it will be necessary to sketch briefly a little of the history of our Canadian effort and program in the field of atomic energy. You will recall that it was in 1942 that our government joined with the governments of the United Kingdom and the United States in an effort to produce an atomic bomb. In those days we supplied the uranium—the raw material of the bomb —and we also made available the facilities of the National Research Council. This research led to the project at Chalk River under the direction of the National Research Council, and was primarily concerned with winning the war.

After the war, when it became apparent that an international agreement concerning the eliminating or control of the atomic weapon could not be reached, consideration had to be given to the future direction of our Canadian program and the best way of administering it, both as regards the supply of the necessary raw material, uranium, and also the future objectives of the Chalk River project—was it to be bombs or blessings? As regards the supply of raw material, it was decided to increase the existing source of supply, which was under the control of a crown company, Eldorado Mining and Refining Limited, at Port Radium, and also to seek new sources, which would involve the prospector and the mining industry. Accordingly in March, 1948, the minister announced a price schedule for uranium ores, guaranteed now until March, 1962. Now, as regards the Chalk River project, it was found that the NRX reactor, which was built by using heavy water as the moderator and natural uranium as the fuel, proved to be the most efficient reactor of its type in the world and, as such, offered a unique opportunity for exploring the peacetime application of atomic energy, and establishing its use as an energy source for electric power; and accordingly it was decided that the program of research and development at Chalk River should be continued and expanded.

It followed, of course, that the necessary administrative machinery should be set up, and in 1946 an act was passed providing for the establishment of an Atomic Energy Control Board, which would be responsible for the overall direction of the program and the administration of security regulations. The President of Eldorado was appointed a member of the board, so that it could be kept fully informed of activities in the raw materials field, and it was arranged that the National Research Council should continue to operate the Chalk River project subject to direction by the board in matters of policy, including approval of the operating and research budgets. The President of the National Research Council was appointed to the Atomic Energy Control Board, and later became its president.

This arrangement continued until 1952, when the Chalk River project became incorporated under the name of Atomic Energy of Canada Limited, and the Board of Directors reported to the Atomic Energy Control Board, the president of the board becoming the president of the new company. That

organization, however, is no longer adequate, and the present bill seeks to provide administrative machinery which will enable the program to go forward along the road which very significant developments would indicate is feasible, as well as most desirable, for the work at Chalk River has now reached a stage where it is believed that it is possible to produce atomic power within a range of cost which will be economic—and by that I mean comparable to the cost of producing power generated from a steam plant using coal at a cost of $8 per ton. A continuing supply of uranium is a very important factor. At the present time the production of uranium is three times as great as it was at the end of the war, and it is estimated that this production will increase so that by 1956 it will be eight times as great as it was at the end of the war.

The ultimate benefits which the development of the Chalk River project will bring to the Canadian economy cannot be measured in dollars. The first of these benefits is the production of radioisotopes for use in medical treatment, research and industrial processes. The Commercial Products Division of Atomic Energy of Canada Limited is responsible for marketing these isotopes, and for developing new uses for them. It has been the policy to work closely with the medical profession, and this division will shortly move to a new building in Ottawa which is fully equipped with all the necessary facilities. The medical gentlemen in the chamber will be much more familiar than I am with the possibilities or potentialities of this form of treatment for mankind, but the Cobalt 60 Beam Therapy Unit has earned a world-wide reputation as a potent weapon to combat cancer, and the demand for these units, both here and abroad, is greater than can be met by the crown company. Units have already been installed in Montreal, Toronto, Vancouver, Winnipeg, and lately in Hamilton.

Hon. Mr. Horner: And Saskatoon.

Hon. Mr. Burchill: Canadian-built equipment has been provided for hospitals in New York, Chicago and Minneapolis; also for a hospital in London, England, and for a medical centre in Italy. It is hoped that each province will be provided with one of these units. I understand that plans are under way to establish two units in the new Ontario Cancer Institute, in Toronto, and that additional units are to be provided in Windsor, Ottawa, Kingston and Port Arthur. As my friend from Blaine Lake (Hon. Mr. Horner) reminded me, somehow I missed Saskatoon.

Hon. Mr. Lambert: That was one of the first places to have the treatment.

Hon. Mr. Burchill: The second benefit to be derived from the Chalk River project is atomic power. As our economy expands we must expect a continuing rise in power consumed, and the availability of power will be a condition of our growth in the future. It is estimated that by 1979 Canada will require an installed capacity of 40 million kilowatts. This is based on a current annual increase of 6 per cent in power demand. Our estimated total hydro potential in Canada is 50 million kilowatts, of which we are using at the present time 10 million kilowatts, or 20 per cent. As water power is not available for use in many districts, it might be safe to estimate that only about 30 million kilowatts of our hydro potential could be used; and this would leave a shortage of 10 million kilowatts, which might be supplied by atomic power. In certain localities where coal and oil or natural gas are easily available atomic power will probably not compete, but in other sections of Canada, such as the Maritime Provinces and sections of the middle west where there is a great shortage of power, atomic power may supply the answer to the power problem. In my own province of New Brunswick industrial development has been stunted, and our young people have been, and are, obliged to seek employment elsewhere. One of the causes of this has undoubtedly been the shortage of adequate power.

Hon. Mr. Aseltine: What progress has been made in the field of atomic power up to date? Can you give us any information on that?

Hon. Mr. Burchill: Only what I glean from statements made by officials, and it has been made sufficiently clear by them that atomic power can be produced competitively as against production of power in a steam plant using coal costing $8 a ton.

Hon. Mr. Aseltine: That is cheaper than natural gas.

Hon. Mr. Burchill: That is as far as I can go. As I am not a scientist I am taking the word of someone else for that statement.

While the cost of atomic power must be competitive and sound economically, perhaps the cost is not such a great factor as one would think. In this connection it might be interesting if I quoted some figures published by the Dominion Bureau of Statistics which give a comparison of a monthly electric power bill at various places across Canada for a load of 100 horsepower used 200 hours per month in 1952.

At St. John's Newfoundland, the cost would be $377.42. In Nova Scotia it would range

from a high at Amherst of $527.76 to a low at New Glasgow of $311.43. In New Brunswick there is one rate throughout the province, and the cost there would be $383.62. The same power bill in Quebec would vary from a high at Sherbrooke of $311.19 to a low at Hull of $199.95. The Ontario figures vary from a high at Alexandria of $307.36 to to a low at London of $144.29—and I may say that Ontario supplies power at a price lower than any other province in the dominion. Manitoba would range from a high at Brandon of $256.58 to a low at Winnipeg of $238.70.

Hon. Mr. Lambert: What is the unit that you are using?

Hon. Mr. Burchill: The monthly bill that would be paid in these various places for using 100 horsepower for a period of 200 hours in a month.

In Saskatchewan it would run from a high of $358.00 at Moose Jaw to a low of $267.88 at Regina.

Hon. Mr. Aseltine: Could you give us the amount of the bill that would be paid at Rosetown?

Hon. Mr. Burchill: No, I have no figures for Rosetown.

In Alberta the cost would range from a high at Lethbridge of $298.15 to a low at Calgary of $172.26; and in British Columbia from a high at Vancouver of $320.77 to a low at Kamloops of $208.17.

These figures would indicate that while an abundant supply of power is a very definite requirement and most necessary, within certain ranges the cost does not seem to have a very great bearing on the industrial growth.

As a step towards informing those responsible for producing power in Canada of the scope of the program at Chalk River, an Advisory Committee on Atomic Power is to be set up consisting of senior executive officials of all the power commissions and power corporations in Canada. This Committee will meet here at Ottawa to consult on the development of the Chalk River plant.

Now I will deal with the bill itself. It will make some changes in the administrative machinery, all designed to meet the needs of the present situation and enable the undertaking to function more efficiently. Under the new set-up Eldorado Mining and Refining Limited will continue to have responsibility for production and procurement of the raw materials, and Atomic Energy of Canada Limited will continue to have responsibility for the operation of the Chalk River plant, but the name of the corporation will be changed to Nuclear Research Limited, while Atomic Energy of Canada Limited becomes a holding company, which will hold the stock of Eldorado Mining and Refining Limited and Nuclear Research Limited. This holding company will be responsible for the overall direction of the program, including approval of the budgets both for operating and capital. It will report to the Minister, the Chairman of the Committee of the Privy Council on Scientific and Industrial Research, who will hold the stock in trust for Her Majesty. The Atomic Energy Control Board will retain its present responsibility for establishing and administering regulations affecting the disclosure of information subject to the approval of the Governor in Council.

By making these changes, which are in line with similar organizations in the United Kingdom and the United States, our Canadian effort in the field of atomic energy will be enabled to function more efficiently, and will be directed along the road which will bring—God forbid!—bombs, if necessary, but let us rather hope peace and blessings, and, in the words of Sir Winston Churchill, "the swiftest expansion of material well-being".

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: Could our honourable friend give us any information on the progress that has been made in England in making atomic energy available for the production of power? It appears that the British have advanced much further in that line than we have. Has the honourable senator any information on that?

Hon. Mr. Burchill: I am afraid I have no information of that nature with me at the moment. However, in the debate on this bill in the other place, mention was made of the establishment in England of a power plant planned for the purpose of producing atomic power on a cheap basis.

Hon. Mr. Aseltine: At what cost?

Hon. Mr. Burchill: I have no information as to the cost.

Hon. R. B. Horner: Honourable senators, my interjection was due to my understanding that the Cancer Clinic at Saskatoon is the first place in Canada, if not in the world, where a Cobalt bomb was used.

Hon. Mr. Roebuck: Has the honourable senator any knowledge of what is going on in Russia in the development of atomic energy? As a matter of fact this is one of the big factors in world affairs. Russia is behind the continent of America—not only the United States, but Canada—in one fundamental respect, which accounts, perhaps more than anything else, and much more than its form

of government, for the comparatively low Russian standard of living, and that is, her lack of power. Compared with this continent, Russia has very little water power, and the fact should be borne in mind when one reads of the position taken by the Russians regarding the control of atomic energy. They neither have nor had any intention of allowing the United States to control the committee which would in turn control the atomic energy of the world. The balance of world politics is probably hanging on the development of atomic power. If Russia is making advance equal to the progress we have made towards the development of power through atomic energy, that is one of the most important facts in the world today. I wonder if the honourable senator has any knowledge as to how far their scientists have gone.

Hon. Mr. Burchill: No, I have no knowledge.

Hon. Mr. Lambert: Honourable senators, much of the information connected with the subject covered by this bill is necessarily a No. 1 secret, and my suggestion is that a good many of the questions it raises should be asked and dealt with in committee. For that purpose, I think, it would be advisable that Mr. Bennett, the new head of the organization, the holding company, and Dr. Steacie, who is in charge of the Chalk River operations, should attend before our committee to furnish this information.

As was indicated by the minister in the other place, there is a very important aspect of this development which, I believe, must be considered in connection with this bill, and that is the peacetime, rather than the military, use of atomic power. For years there has been at Port Hope a plant which has extracted from uranium the radium which has been used for medicinal purposes. That plant is now going to be enlarged, at considerable expense. If atomic power for peacetime purposes is to be made available, it will be developed at this new plant in Port Hope. From the point of view not only of the internal organization of this effort but of what it is hoped to accomplish, the practical side is important, indeed vital, to the carrying out of the purposes of the bill. As well as its scientific purpose, there is a business, an executive and an administrative side of this measure. It is to combine the practical mining effort and the commercial side of the project with the scientific side that this Atomic Energy Limited holding company is being set up. At any rate, that is my understanding. In the light of all these aspects I think it is important that the main officials of the National Research Laboratory, the Eldorado Mining Company and the new head of Atomic Energy of Canada Limited should attend to answer these questions in committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Hon. Mr. Burchill, the bill was referred to the Standing Committee on Banking and Commerce.

VETERANS BENEFIT BILL

FIRST READING

A message was received from the House of Commons with Bill 101, an Act respecting benefits for members of the Canadian forces.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

DISABLED PERSONS BILL

FIRST READING

A message was received from the House of Commons with Bill 462, an Act to provide for allowances for disabled persons.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 9, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

NATIONAL HARBOURS BOARD BILL

COMMONS AMENDMENTS

A message was received from the House of Commons returning Bill I-13, an Act to amend the National Harbours Board Act, and acquainting the Senate that they have passed this bill with certain amendments to which they desire the concurrence of the Senate.

The amendments were read by the Clerk Assistant as Follows:

1. Page 1, line 9: Immediately after the word "character", insert the words "by demise".
2. Page 1, lines 29 and 30, and Page 2, line 1: Strike out the first three lines of subsection (1) of section 4A and substitute the following:

"4A. (1) Any superior court judge within whose jurisdiction property under the administration of the Board is situated may, upon application to him by the Board, appoint any person as a police constable for the enforcement of this Act and the by-laws".

3. Page 2, lines 11 and 26: Strike out the word "fifty" and insert the words "twenty-five".
4. Page 2, between lines 27 and 28: Insert the following as subsection (3) of section 4A:

"(3) Any superior court judge referred to in subsection (1) or the Board may dismiss any police constable appointed under that subsection, whereupon all powers, duties and privileges belonging to or vested in such constable by virtue of this section are terminated."

5. Page 4, line 26: Strike out the words "in the opinion of the Board,"
6. Page 4, lines 29 to 41: Delete paragraph (b) and (c) and insert the following:

"(b) property under the administration of the Board has been damaged by the vessel or through the fault or negligence of a member of the crew thereof acting in the course of his employment or under the orders of his superior officers;

(c) obstruction to the performance of any duty or function of the Board of its officers or employees has been made or offered by the vessel or through the fault or negligence of a member of the crew thereof acting in the course of his employment or under the orders of a superior officer, as a result of which obstruction damage or other loss has been sustained by the Board;"

7. Page 4, line 42: Immediately after the word "has" insert the following words "in respect of the vessel".
8. Page 6, lines 22 and 23: Strike out the words "in the opinion of the Board,"
9. Page 6, lines 31 and 32: Strike out the words "by the owner of the goods" and substitute therefor the words "by the person in whom title to such goods is vested".

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Macdonald: Next sitting.

PENSION BILL

FIRST READING

A message was received from the House of Commons with Bill 339, an Act to amend the Pension Act. The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

INTERNAL ECONOMY

EIGHTH REPORT OF COMMITTEE

Hon. A. L. Beaubien (Acting Chairman of the Standing Committee on Internal Economy and Contingent Accounts) presented the committee's eighth report.

The report was read by the Clerk Assistant.

Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Beaubien: Next sitting.

NINTH REPORT OF COMMITTEE

Hon. Mr. Beaubien presented the committee's ninth report.

The report was read by the Clerk Assistant.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Beaubien: Next sitting.

TENTH REPORT OF COMMITTEE

Hon. Mr. Beaubien presented the committee's tenth report.

The report was read by the Clerk Assistant.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Beaubien: Next sitting.

ELEVENTH REPORT OF COMMITTEE

Hon. Mr. Beaubien presented the committee's eleventh report.

The report was read by the Clerk Assistant.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Beaubien: Next sitting.

CRIMINAL CODE (RACE MEETINGS) BILL

FIRST READING

Hon. W. Ross Macdonald presented Bill Q-15, an Act to amend the Criminal Code (Race Meetings).

The bill was read the first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Honourable senators who are members of the Banking and Commerce Committee will recall that this morning the committee approved an amendment to Bill 7, the Criminal Code, which the house referred to that committee. After that bill has been finally passed and assented to it will come into effect upon proclamation, but in the meantime it is desired to have the amendment that was approved this morning carried into the present Criminal Code, and that is the purpose of the bill now before us. At this morning's meeting of the committee it was suggested that in the circumstances the house might be prepared to give this bill second reading today, so as to have it on the order paper for third reading tomorrow, when the committee's report on Bill 7 is expected to be before us.

Hon. Mr. Haig: Agreed.

Hon. Mr. Macdonald: Honourable senators, I therefore move that the bill be read the second time now.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

BANK OF CANADA BILL

OFFICIAL REPORT OF DEBATE

On the Orders of the Day:

Hon. Norman P. Lambert: Honourable senators, before the Orders of the Day are proceeded with I should like to rise on a question of privilege in connection with a remark attributed to me in the *Hansard* report of yesterday's proceedings.

During the speech of the honourable senator from Inkerman (Hon. Mr. Hugessen) on the second reading of the Bank of Canada bill, and immediately following a question addressed to him by the honourable senator from Blaine Lake (Hon. Mr. Horner) I am reported, at page 558, as saying:

(*Hansard was then quoted.*)

I should like to say most definitely that I made no such statement, nor did I hear such a statement made in the course of the debate. Accordingly, I would request that this statement attributed to me in the unrevised report of yesterday's debate be omitted from the revised report.

I do not intend that these remarks should imply criticism of *Hansard* or any of its staff. Interchanges and questions during the course of a debate, together with running conversations in nearby seats, can be very confusing and often quite misleading. I might say that more often than not I, no doubt in common with a good many senators, find that the form of our remarks on the floor of this house is improved rather than impaired by the kindly consideration of *Hansard*.

Hon. Senators: Hear, hear.

Hon. Mr. Lambert: I fully agree with some words that were spoken many years ago on a similar occasion in the British House of Commons by Mr. Asquith, the Prime Minister, who later became Lord Oxford. Referring to the fine discretion that is often exercised by *Hansard*, he said:

> I believe indeed that the verdict of most parliamentary speakers would be that the kindly sponge of sympathetic oblivion is often to be preferred to the cruel fidelity of the verbatim report.

Hon. Mr. Hugessen: Honourable senators, perhaps I might be allowed to say a word on this point, seeing that the reported interjection appears as having been made during the course of my remarks. Like the honourable senator from Ottawa (Hon. Mr. Lambert), I did not hear the interjection, and in the words "That may have been so", which I am reported to have said in reply, I was referring not to this mythical interjection but to the question which had been addressed to me by the honourable senator from Blaine Lake (Hon. Mr. Horner).

Hon. Mr. Reid: May I respectfully point out that the parliamentary rules on interruptions provide that if a member does not pay any attention to an interruption, he may wipe it off the record. The only interruptions that may not be struck off the record are those which are taken notice of by the member who has the floor. No senator has the right to interrupt a speech unless allowed to do so by the senator who is speaking.

WHEAT PRICES

FURTHER ANSWER TO INQUIRY

Hon. W. Ross Macdonald: Honourable senators, I was not incorrectly reported yesterday, but I gave the house some incorrect information. In reply to a question by the

honourable gentleman from New Westminster (Hon. Mr. Reid) with respect to the reduction by the Canadian Wheat Board in the sale price of wheat, I stated right away that I had no information on that subject, but that I thought the reduced price applied to exports only and not to wheat sold in Canada. The reason why I stated this was that I was under the impression that the price of wheat destined for export was different from the price of wheat sold for domestic consumption, and I think those in this house who are familiar with the marketing of wheat will agree with me that at one time that was the situation. But at present the price of wheat is the same for domestic sales as for export sales. Therefore, the reduction announced by the Canadian Wheat Board would apply to all wheat sold in Canada.

Hon. Mr. Reid: I am very glad to have the answer, but I would respectfully point out that I think the answer is still not quite correct. I agree that there was a time when there were two prices, when sales were being made under the International Wheat Agreement. Wheat was sold under that agreement at a certain price, but to other countries that did not enter into the agreement it was sold at another price; and very often there was a conflict between the domestic price and the price to some other countries. The Leader of the Opposition (Hon. Mr. Haig) spoke too and said he did not think the answer given to me yesterday was correct, so I inquired and obtained the same information that has been given today with respect to domestic wheat prices. However, I am very pleased to receive that information officially.

Hon. Mr. Horner: Honourable senators, may I interject a remark? Indeed, at one time there was also a third price, a special price that Canadian millers paid for wheat, which was less than that paid under the International Wheat Agreement or outside of it.

Hon. Mr. Macdonald: Honourable senators, my information also is that the reduction of 10⅛ cents a bushel applies specifically to No. 1 Northern, and that on some of the lower grains a different reduction applies.

ATTENDANCE OF SENATORS

QUESTION OF PRIVILEGE

Hon. Thomas Vien: Honourable senators, on a question of privilege: inasmuch as we are dealing with corrections, I should like to refer to a statement made yesterday by the honourable member from Bedford-Halifax (Hon. Mr. Quinn) that honourable senators from Quebec were absent from the chamber when the Royal Assent was given to certain bills.

I desire to correct an impression which may be spread around that we are derelict in our duty. As we all know, there is nothing honourable senators can do when they attend for the Royal Assent. All that is required is a quorum under Mr. Speaker, and there are enough members resident in Ottawa to meet that requirement. And on the occasion in question the fort was well guarded by the honourable gentleman from Bedford-Halifax. An impression that honourable senators from Quebec were derelict in not being here for the Royal Assent would be unfair.

Hon. Felix P. Quinn: Honourable senators, in reply to the honourable senator from De Lorimier, (Hon. Mr. Vien) may I say that I would not have made the remark to which he takes exception were it not that he seemed to take so much umbrage at some words of my leader (Hon. Mr. Haig). That is why I pointed out that last Thursday evening, when the Royal Assent was given to several bills, in accordance with what I consider to be one of my duties as the Whip on this side I took particular care to check upon the attendance in the house, and I noted that not one representative of the province of Quebec was present.

Hon. Mr. Vien: I can recall occasions when the Royal Assent was given when even the honourable senator from Bedford-Halifax was not present.

Hon. Mr. Quinn: I would like the honourable senator to mention an occasion when that happened.

CROWN CORPORATIONS EMPLOYEES SUPERANNUATION BILL

THIRD READING

Hon. Mrs. Wilson moved the third reading of Bill 461, an Act to amend certain Acts respecting the superannuation of Government employees transferred to Crown corporations.

The motion was agreed to, and the bill was read the third time, and passed.

QUEBEC SAVINGS BANKS BILL

SECOND READING

Hon. Elie Beauregard moved the second reading of Bill 419, an Act respecting savings banks in the province of Quebec.

He said: Honourable senators, by way of preamble to the remarks I am going to make I wish to thank two of my colleagues who are now in this chamber for the information they provided me in connection with this

bill. This information is not to be found in the bill itself. One of these gentlemen happens to be the President of the Quebec Savings Bank, while the other is a Director of the Montreal City and District Savings Bank.

Honourable senators, this bill is in no way contentious, being simply a revision of the Quebec Savings Banks Act, 1952. The bill relates to the two banks I have just mentioned—the Montreal City and District Savings Bank, and the Quebec Savings Bank—and its main purpose is, so far as possible, to make it uniform with Bill 338, an Act respecting banks and banking, which has already been studied in this chamber and is now before our Standing Committee on Banking and Commerce.

The Montreal City and District Savings Bank and the Quebec Savings Bank were in existence long before Confederation, having been granted charters respectively in 1846 and 1848 by acts of the legislature of what was then known as the Province of Canada. Their charters have been continued under federal direction since that time, as have those of a number of chartered banks that have been incorporated since then. On the occasion of the last decennial revision of the Bank Act the charters of these two institutions were extended, except as provided in section 7 of this bill:

> The provisions of the charter of the bank are inapplicable
>
> (a) to the extent that there is any inconsistency between the provisions of the charter and the provisions of this act, and
>
> (b) in respect of any matter for which provision is made by this act.

Each of the two banks affected by this bill must confine its operational activities to a single district in the province of Quebec. Section 8 of the bill provides that the head office of the Montreal City and District Savings Bank shall be in the city of Montreal, and the bank may operate branches within the district of Montreal and surrounding counties. Section 9 of the bill provides that the Quebec Savings Bank shall have its headquarters in the city of Quebec and that the bank may operate branches and operate within the district of Quebec.

The question may be raised: what kind of banks are these if they are not incorporated under the Bank Act? Before attempting to answer this question I would ask your indulgence while I read section 19 of the charter of the Montreal City and District Savings Bank, which was granted under the signature of Lord Lisgar on April 29, 1871. A reading of section 19 will at least disclose what these banks are not.

> Nothing in this charter shall be construed as intended to make the said bank a bank within the meaning of the act of the Parliament of Canada passed in the thirty-fourth year of our reign and intituled "An Act relating to banks and banking," so as to entitle it to any of the special privileges, or to subject it to any of the special restrictions conferred or imposed on banks by that act unless they are conferred or imposed on it by this charter or by the act first cited herein.

I doubt whether I could give the house a better definition of these banks than the one contained in the bill itself, which sets out that a "bank means a bank to which this act applies." Let us say that they are institutions which have been empowered to receive deposits and make personal loans. These loans, made to individuals, are limited to $2,000, the rate of which shall never exceed 6 per cent.

One may ask why these banks were established in the first place. The answer is that they were brought into existence to enable people to make deposits and receive personal loans. At the present time eleven chartered banks, through hundreds of their branches located all over this country, are providing service in the way of savings accounts, but it should be borne in mind that was not so in 1846 and 1848. In those years and many years following, chartered banks were not the democratic institutions they are today. They were few in number and would not accept deposits of less than $5,000, which in those times would represent approximately $25,000 in present-day currency. In the meantime, the Montreal City and District Savings Bank and the Quebec Savings Bank have served to fill the gap. They came into existence out of necessity, to induce common people with small incomes to save, and as an incentive they offered interest on savings and provided protection against loss in the case of fire and theft.

I have been informed that Monsignor Bourget, first Catholic Bishop of Montreal, was instrumental in the establishment of the Montreal City and District Savings Bank. This bank, together with the Quebec Savings Bank, first known as La Caisse d'Economie, have served their purpose well and, notwithstanding the incorporation of chartered banks, have continued to prosper. It is of interest to note that the board of directors of the Montreal City and District Savings Bank, since its inception, has counted among its members French and English speaking Catholics, English-speaking Protestants and a Jew. A perusal of today's list of directors will disclose that these groups are still represented on the board.

The latest report of the Montreal City and District Savings Bank for the financial year ending the 31st of December, 1953, discloses that its capital stock stands at $2 million, its reserve fund amounts to $5 million, and its balance of profit carried forward totals $380,000. The total value of deposits is over $190 million.

Both these banks have a charitable fund, and last year the Montreal City and District Savings Bank distributed nearly $33,000 out of this fund, which represents somewhat over 10 per cent of the amount paid to shareholders by way of dividends.

To sum up, the Quebec savings banks differ from the chartered banks, particularly because they cannot operate outside of a limited district and are not able to make commercial loans.

Although strictly this bill is a public bill, a close study of it will show that it is more in the nature of a private bill. Therefore, I shall limit my remarks to some of the sections with which honourable senators may be particularly concerned.

The streamlining of the Quebec Saving Banks Act with the Bank Act is related particularly to the keeping of books, returns, inspections, records and proceedings for winding up, and so on. I call attention particularly to section 71, which provides that no bank shall charge a rate of interest exceeding 6 per cent.

The main points of the bill, I should say, relate to loans and investments. As to loans, section 61 says:

> The bank may lend money and make advances to any person if the bank takes as security for the repayment of the loan
>
> (a) any of the securities mentioned in section 58, the market value of which, at the time the loan is made, is not less than the amount of the loan;
>
> (b) the shares of a chartered bank or the securities or shares of a corporation other than one mentioned in section 58, the market value of which, at the time the loan is made, is not less than one hundred and twenty per cent of the amount of the loan; or
>
> (c) a life insurance policy, the cash surrender value of which, at the time the loan is made, is not less than the amount of the loan,
>
> and the bank takes the security with authority to sell it or realize thereon.

Section 62 says:

> The bank may lend money and make advances without security to the Government of Canada or a province.

Section 63 says:

> The bank may lend money and make advances without security
>
> (a) to a municipal corporation in Canada;
>
> (b) to a school corporation in Canada that derives its revenues from rates or taxes levied by it or on its behalf;
>
> (c) to an ecclesiastical or religious corporation incorporated in Canada;
>
> (d) to a fabrique de paroisse or syndic that is subject to the Parish and Fabrique Act of the Province of Quebec;
>
> (e) to a corporation incorporated for the purpose of operating a hospital or sanitarium in the Province of Quebec;

provided that loans for all those purposes shall not exceed 5 per cent of the bank's deposit liabilities.

The bank may lend money on mortgages to the extent of 20 per cent. On this point, I should add that the streamlining proposed in this bill brings the Quebec savings banks in line with the chartered banks as to the National Housing Act.

By way of investments, section 58 provides as follows:

> The bank may invest in
>
> (a) securities of or guaranteed by the Government of Canada or of a province;
>
> (b) securities of or guaranteed by the Government of the United Kingdom or of any colony, dependency or protectorate of the United Kingdom;
>
> (c) securities of or guaranteed by the government of any other country of the British Commonwealth or of any colony, dependency or protectorate of any such country;
>
> (d) securities of or guaranteed by the Government of the United States of America or of any state thereof;
>
> (e) securities of or guaranteed by a municipal corporation in Canada;
>
> (f) securities of a school corporation in Canada that derives its revenues from rates or taxes levied by it or on its behalf.

Dealing with reserves, section 55 provides as follows:

> (1) The bank shall at all times maintain a reserve equal to at least five per cent of its deposit liabilities in the form of notes of the Bank of Canada or of deposits with the Bank of Canada or a chartered bank.
>
> (2) The bank shall at all times maintain a reserve, in addition to that required by subsection (1), equal to at least fifteen per cent of its deposit liabilities in the form of
>
> (a) notes of the Bank of Canada or of deposits with the Bank of Canada or a chartered bank, or
>
> (b) securities of or guaranteed by the Government of Canada or of a province.

You will notice the reserve is not as large as that stipulated by the new Bank Act for other banks.

Apparently, judging by their operation, these new banks do not show as great a danger of loss as may be encountered by many of the other banks.

I do not know of any other section of this bill to which I should call the attention of honourable senators just now. As I said at the opening of my remarks, I think this bill is more in the nature of a private bill. These banks have fulfilled the mission and the purpose for which they were established, and have prospered. They performed a very

useful function when other banks were not in existence at all. I think the Quebec savings banks deserve to be continued for another ten years, as the chartered banks will be. The act provides for the renewal of their charters in the same way as the Bank Act provides for the renewal of the charters of the other banks, in the event parliament is not sitting when the ten-year period has elapsed.

Hon. Senators: Hear, hear.

(Translation):

Hon. Mr. Vaillancourt: I understand that this act allows these savings banks to make loans under the Housing Act, in the same ways as ordinary banks.

Hon. Mr. Beauregard: Yes, it simply adds to the section regarding mortgage loans.

Hon. Mr. Vaillancourt: It is a desirable thing.

(Text):

Hon. Mr. Vien: This is a consolidation of the act, but we have not an explanatory note giving particulars of the changes in the existing act. Can the honourable senator give the reason for that?

Hon. Mr. Beauregard: I am sorry, but I do not know the reason.

Hon. Mr. Isnor: Would the honourable senator kindly enlarge on section 64? I have in mind the National Housing Act, and I note that section 64(1)(b) of the bill specifies that the bank may lend money on the security of a first mortgage if the loan does not exceed 60 per cent of the value of the property on which the mortgage is taken.

Hon. Mr. Beauregard: The section says that the bank may lend money and make advances on the security of a first mortgage or hypothec on improved real or immovable property in Canada if the loan is authorized by a resolution of the board of directors of the bank, and the loan does not exceed 60 per cent of the value of the real or immovable property. Any insurance company would lend about the same percentage of the value, although some would not go as high as 60 per cent and some would be prepared to lend only 50 or 55 per cent. The bank is authorized to lend as much as 60 per cent of the value of the property, but it is not bound to go as high as that.

Hon. Mr. Isnor: I am wondering if a builder of houses will be able to borrow from the bank, under the Housing Act, as much as he could get from a lending institution.

Hon. Mr. Beauregard: The answer is yes, but there are two limitations—the willingness of the bank to lend, and the percentage it is allowed to lend. If the builder can keep within that percentage, I think the bank will lend.

Hon. Mr. Vien: Honourable senators, before the bill receives second reading, may I ask if the intention is to refer it to a committee?

Hon. Mr. Macdonald: Yes.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Beauregard, the bill was referred to the Standing Committee on Banking and Commerce.

DIPLOMATIC IMMUNITIES (COMMONWEALTH COUNTRIES) BILL

SECOND READING

Hon. L. M. Gouin moved the second reading of Bill 373, an Act to provide diplomatic and consular immunities for Commonwealth representatives in Canada.

He said: Honourable senators, first I should like to thank my honourable friend the Leader of the Government (Hon. Mr. Macdonald) for having asked me to move the second reading of this bill. It is my first opportunity to assist in my humble way—to do my wee bit for my distinguished leader in his parliamentary work which he has carried so ably and efficiently since the beginning of this session.

It gives me much satisfaction to move the second reading of this bill which will remove an anomalous and illogical situation which exists with regard to the high commissioners and other representatives of the commonwealth in Canada.

The principle of the bill is very clear, and I sincerely hope that honourable senators believe as I do that it will contribute much to the moral unity of our great sisterhood of free nations, our world-wide commonwealth.

At the present time diplomatic immunities are not explicitly recognized as applying to the high commissioners of the commonwealth countries residing in Ottawa. Not to accord to the High Commissioner of the United Kingdom, for instance, the privileges granted to any foreign diplomat is in my opinion absurd. I trust I do not have to insist on that first point. I may interject that in the other place all parties unanimously supported this measure. It has nothing whatever to do with political partisanship. Even if I were to cross the floor of this house—as we were informed yesterday the distinguished senator and LL.D. from Churchill (Hon. Mr. Crerar) was erroneously reported in a Winnipeg newspaper to have done—and even if I were the leader opposite, whom I have no intention

of supplanting, I would be just as strongly in favour of this bill, and perhaps more so.

The purpose of the measure is to grant formally to commonwealth high commissioners the customary immunities which international law recognizes as applicable to diplomatic agents of foreign states.

Hon. Mr. Euler: May I ask, what are these immunities?

Hon. Mr. Gouin: If my honourable friend will allow me to continue, I shall describe them precisely in a few minutes. But first I should like to state that at the present time such foreign representatives enjoy greater privileges here than do the representatives of the commonwealth to which we belong. By the way, since 1948 the high commissioners have by virtue of an order in council been exempted from taxation and custom duties. These are some of the diplomatic privileges to which my honourable friend from Waterloo (Hon. Mr. Euler) was referring a moment ago. The bill now under consideration deals with further diplomatic privileges which I shall explain briefly.

As honourable senators know, since the enactment of the Statute of Westminster, in 1931, our commonwealth has become an absolutely free and voluntary association of independent and sovereign states enjoying complete equality of status; and because it is a free association, it is that much stronger than if it had any compulsory or rigid character.

At the Commonwealth Prime Ministers conference in 1948, it was agreed by resolution that the status of our high commissioners should be made to conform with that of foreign ambassadors. In 1952 the United Kingdom, Australia and New Zealand enacted legislation in accordance with that resolution. Other commonwealth countries—I will refer to them in alphabetical order: Ceylon, India, Pakistan and the Union of South Africa—are now considering bills similar to the one before us.

I shall attempt, honourable senators, to explain this short bill clause by clause, and it will be for the house to decide, after the bill has received second reading, whether it should be referred to a committee. Section 3 of the bill lists in alphabetical order—which is in accordance with what we call international protocol—the seven commonwealth countries to which the provisions of this bill will apply.

Paragraph (b) of subsection (1) and also subsection (2) of section 3 enable the governor in council by proclamation to designate other countries, except of course Canada, in respect of which this bill may apply. In other words, the bill quite wisely provides for the eventual admission of additional members to our great and happy family of the commonwealth. The members of our commonwealth are practically unanimous in doing everything they possibly can to give greater happiness and freedom to an ever-increasing number of people. We all hope that in the very near future former colonies, through the gradual process of evolution, will reach the constitutional stage which we have now attained. Irrespective of their colour, race or creed, it will be a great satisfaction for every one of us to welcome such new members to our family of free and sovereign nations.

Under subsection (3) of section 3 of the bill, for them as well as for the present members the diplomatic immunities which I intend to describe in a moment, are, of course, based upon the principle of reciprocity. Therefore, if a country to which this bill applies fails to reciprocate by according to our high commissioner, or our other Canadian representatives, immunities similar to those which are provided by this bill, the governor in council may by proclamation declare that the immunities in question are not granted either *in toto* or partially to representatives of that country.

Section 4 of the bill puts the chief representative—or, as he is known in international law, the head of the mission—of another commonwealth country in Canada, upon exactly the same footing as the "envoy of a foreign sovereign power accredited" here in Ottawa. As you all know, a foreign envoy may have the rank of ambassador, minister, or chargé d'affaires. At any rate, he is the head or chief of the mission. Let me remark here that the process of accrediting diplomats between foreign countries does not apply, strictly speaking, to representatives from other parts of the commonwealth. A foreign ambassador is the personal representative or agent of the head of his own state. A high commissioner residing in Canada is the personal representative of the head of the commonwealth, to which we also belong. I consider Her Majesty the Queen as being the Queen of the United Kingdom, the Queen of Canada, the Queen of Australia, and of the other parts of the commonwealth. But it is difficult to imagine that the same person, even if acting in a different capacity, can send letters of credence to herself in order to accredit the representative of one commonwealth country—say, New Zealand—to another commonwealth country—say, Canada. This situation never arose in the history of the world before the present development of freedom and sovereignty in our commonwealth.

You all know, honourable senators, that our great association of free states is neither a political unit, strictly speaking, nor an economic unit. Every member country of the commonwealth is perfectly free in matters of foreign policy, customs tariffs and every other matter. The crown, as head of the commonwealth, is a living symbol of its unity. This I say with great respect, and even with reverence. However, in a certain sense there is only one crown, and thus we have to find a practical way for giving to our brothers and associates from the other parts of the commonwealth the advantages we have extended to representatives of foreign countries.

Now I come precisely to the question quite properly raised by my honourable colleague from Waterloo (Hon. Mr. Euler). A foreign ambassador cannot be arrested, sued in any civil or criminal matter, or even served with a subpoena to testify as a witness before our courts. The residence of a foreign ambassador or envoy is considered as being situated, not in Canada but in the country to which the ambassador belongs. For this reason our police cannot be sent to an embassy to execute a search warrant on the premises of an embassy. This is what we call the privilege of exterritoriality, which is freedom from territorial jurisdiction—in this case, freedom from Canadian territorial jurisdiction. The only sanction against a foreign diplomat, as all honourable senators know—and we have had some experience in this matter—is to ask for his recall and, in extreme cases, to dismiss him.

Under section 4 of the bill commissioners from Australia and the other six commonwealth countries will be entitled to the like immunities from suit and legal process, also to the like inviolability of residence, official premises and official archives, as foreign diplomats are. In other words, the residence of the High Commissioner of the United Kingdom or of India, for instance, will be granted exterritoriality and inviolability.

I come now to the members of the official staff—clerks, secretaries, counsellors, chancellors and so forth—of a high commissioner on duty in Canada. The immunities now recognized here, under customary international law, to the members of the official staffs of foreign diplomats will by section 5 (1) of the bill be granted to members of the official staffs of commonwealth high commissioners performing here duties substantially corresponding to those performed by the staffs of foreign envoys.

As we belong to the same family, the part played by, for instance, our High Commissioner in London is in a certain sense more privileged than the part played by a foreign diplomat. I had the personal experience, when I was with the armed forces overseas, of serving in a certain capacity under the High Commissioner, then the Honourable Vincent Massey. Of course, he was not a foreign diplomat. He was much more than that. He could have entry to Downing street at any hour of the day or night; and everywhere in London the doors were open to him. I must say that as a Canadian this was for me a source of immense satisfaction. I am, of course, a Canadian of French origin, and some people may be astonished that I show so much enthusiasm for British institutions. But I am exceedingly proud of being a commonwealth citizen. I know that my ancestors became British subjects by adoption, so to speak, and that that adoptive process was carried on by General Wolfe, General Murray and his Highlanders on the Plains of Abraham. But I am now a member of the family; and whether or not it is correct for me to say so, I have no feeling of inferiority. I am absolutely sure that every Canadian, whatever his origin, shares to the full my feelings on this subject.

I come now to the matter of immunities from suit and legal process granted to members of the families of the high commissioners, their wives and children, and also the families of the members of their official staffs. By section 5, subsection (2) we grant, quite logically, to these persons the same immunities as those which are granted to the members of the families of foreign diplomats and members of their staffs.

By section 5, subsection (3) it is intended to cover the domestic staff—waiters, cooks, governesses, maids and other employees—of a commonwealth representative. The domestic staff of a foreign mission enjoys certain privileges; and I would ask, why should not the same privileges be granted to the servants of, for instance, our friend the High Commissioner for Australia or our friend the High Commissioner for India?

Subsection (4) of the same section is a "saving" provision. Recently, here and in committee, we have heard a great deal about saving clauses. The clause in question is in no way contentious. It means that if a Canadian becomes a member of the staff of the high commissioner for another commonwealth country he will not enjoy those diplomatic immunities to which I have just referred. A very dangerous precedent would be created if anybody—I myself for instance, though I have no such intention—were to enter, say as a legal counsellor, the service of a foreign embassy and thereby escape the civil and

criminal jurisdiction of our Canadian laws. I must say quite frankly in the case of certain foreign countries that situation would make me quite apprehensive. Obviously it would be objectionable if, because I happened to serve a representative, even the high commissioner, of one of these friendly countries, I should on this account cease to be a Canadian citizen subject, like all my fellow Canadians, to the laws of our land.

In section 6 the attempt is made to cover what I may call the peculiar character of the relations between the members of the commonwealth. A trade commissioner, whether from Great Britain or another commonwealth country, and certain other officials, have what I would call a special duty to perform for the greater benefit of their country and ours. It was decided that the only way to cover this somewhat ambiguous and undefined situation was to enable the Governor General to adopt orders in council granting to officers of the high commissioners who perform duties in substance similar to the duties performed by certain members of the staff of foreign diplomats the like immunities from suit and legal process and the like inviolability of official archives to those accorded to foreign consular officials. These establishments of commonwealth officials are not called consulates. But if I want to travel to, say, India or Pakistan I must apply to a certain official in order to make sure that all my passports and other necessary papers are in proper form.

Section 7 deals with the question of procedure: how are such immunities to be established before our Canadian courts? By this section it is provided that we shall follow the British practice in the case of foreign diplomats. What will be required is, purely and simply, a certificate from the Department of the Secretary of State. Personally I cannot think of a better, more practical or more efficient mode of making the necessary proof.

By section 8 it is proposed to give to a high commissioner the faculty enjoyed by a foreign diplomat to waive, on his own behalf, the immunities which I have already described. Suppose he is involved in a minor automobile accident. He may invoke his right of immunity from any legal process that may develop, but I respectfully submit that if you appealed to his common sense he would probably not object to having the matter decided by a court. The question involved may not be serious at all. For instance, the high commissioner may have parked his car in an illegal parking zone or his dog may have abused some honourable senator. In any event, the waiving of immunity is left to the complete discretion of the high commissioner, and this right also applies to the members of his family or staff.

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Section 9 of the bill provides for actions taken prior to the coming into force of the act. Officials of the Department of External Affairs have stated that no case is pending at the present time, but it is possible that a case now outside the knowledge of anybody could develop. In any event, the bill provides that nothing in the act will affect any action or proceeding commenced prior to the coming into force of the act. It is not retroactive.

Honourable senators, I apologize for having spoken perhaps longer than was necessary, but before resuming my seat I wish to state that I personally welcome the legislation which I have just tried to explain. It marks another development in the evolution and progress of that great community of sister nations known as the commonwealth. Together we have victoriously withstood two World Wars. United in times of war, we continue to co-operate freely and voluntarily. The crown, as I said before, remains the living symbol of our unity. At the request of the Republic of India the expression "Head of the Commonwealth" was added to the titles of Her Majesty. Never before in the history of mankind has a queen become the head of a confederation including a republic. It may well be that in the future the commonwealth will contain more than one republic.

Sometimes foreigners ask us where they can find the constitution of our commonwealth. A Norman, or perhaps a Scotsman, could answer: "You find it nowhere—and that means everywhere." No such constitution is recorded in any statute book. It is a spiritual bond, an immaterial tie, an ideal enshrined in the hearts of about one-quarter of the human race. It is an ideal of freedom and fair play; it is the democratic system of the rule of law; it is faith in justice and toleration. The commonwealth believes in peace, hopes for peace, and loves peace.

I recall to mind now the following words from the Gospel of St. John, chapter 14, verse 27, which were read three days ago on Whit Sunday or Pentecost, one of the most solemn feasts for all Christians:

> Peace I leave with you, my peace I give unto you; not as the world giveth, give I unto you. Let not your heart be troubled, neither let it be afraid.

As a symbol of peace and stability, the crown spiritually unites all members of the commonwealth. Whatever may be our racial origin or religious belief, we are all serving together as well as we can in the sacred cause of peace and human progress. The peaceful and efficient influence of our vast community of free nations is more and more

recognized, even by those who were once bitter critics of *Pax Britannica*. Our peace-loving commonwealth plays a most useful part in the world today, and this fact is now recognized by all men of good will. Our essential task is to use the beneficient and mighty force at our disposal for the greater happiness of mankind. To achieve this noble purpose we must give full realization to the moral unity and hearty co-operation of all our commonwealth countries.

The call heard from heaven during the night of the first Christmas was not a call to riches nor to honour nor to power; it was a call to peace—peace on earth to all men of good will.

Honourable senators, I sincerely hope you will help to bring to fruition that magnificent Christian ideal of peace, freedom and brotherhood by adopting the principle of this bill on second reading.

Hon. Senators: Hear, hear.

Hon. W. D. Euler: Honourable senators, perhaps I should apologize to our esteemed colleague from De Salaberry (Hon. Mr. Gouin) for anticipating what he was going to say about immunities and privileges enjoyed by foreign diplomats and members of their families and staffs. May I say at once that I think the principle of this bill is absolutely sound, for it is absurd that the chief representatives of commonwealth countries in Canada should not enjoy the same privileges and rights to immunity as representatives of foreign countries do here. I am not surprised, but I am a bit disappointed, to have had confirmed something I have always suspected and, indeed, known—that certain immunities and privileges enjoyed by foreign diplomats are entirely beyond reason.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Euler: I can understand why an ambassador or chief representative of a foreign country should enjoy territorial rights on his own legation premises. That property is exempt from territorial jurisdiction, being treated as a part of the country of the ambassador or chief representative of the foreign country. However, I do not see why exterritorial rights should apply beyond those premises, nor why they should apply to—I was almost going to say—every Tom, Dick and Harry who happens to be attached to a foreign legation. For instance, why should foreign diplomats and the members of their households be exempt from application of the bylaws and regulations of our municipalities? The sponsor of this bill (Hon. Mr. Gouin) made reference to automobile accidents. I will not mention names or particular events, but young men from embassies have been known to go out in a fine motor car and cause an accident, and nothing can be done about it. It seems to me that the law is entirely wrong when it grants representatives from foreign countries rights which it does not grant to our own people.

Hon. Mr. Gouin: In answer to my honourable friend, I would say that the present tendency is to limit the immunities to such as are strictly necessary for the proper exercise of the functions of an ambassador. We have international law to contend with, and in the meantime I think my honourable friend will agree with me that our friends the commonwealth representatives are not likely to abuse what some might regard as extraordinary and exorbitant privileges.

Hon. Mr. Euler: I do not expect them to do so.

Hon. Mr. Reid: Honourable senators, I agree with the honourable senator from Waterloo (Hon. Mr. Euler) that there is something to be said for the principle of the bill which has been explained by its sponsor, and that we should grant to the commonwealth representatives the same immunities that have already been granted to foreign representatives. I am wondering, however, if we have not gone too far in the granting of immunities and privileges, even to foreign representatives.

I would like this bill to go to committee so that I may inquire if Soviet Russia treats our five Canadian ambassadors as well as we treat her fifteen ambassadors to Canada. I recall that a few years ago the police were chased out of the Russian Embassy grounds here. I cannot imagine the Russian Embassy, under the strict control of Moscow, treating our ambassadors better than her own officials would be treated in Russia. My honourable friend from De Salaberry said that representatives of foreign countries have certain rights here. Of course that is true, but it seems that these people can do almost anything they wish; they can even bring whisky into the country without paying duty on it; in fact, to use a common expression, they are "getting away with murder".

My honourable friend also spoke of Christianity. Well, some of the ambassadors to this country are anything but Christian. Their domestic staffs—even those of the representatives from Australia, New Zealand and the other commonwealth countries—seem to have the same right as envoys to bring in all the whisky and cars they like without paying duty. There is growing up in this country, and in other countries as

well, two kinds of government—on the one hand, a legitimate government; and, on the other hand, foreign ambassadors, who are in a class by themselves and are governed by no law.

Canada has five representatives in Soviet Russia, but Soviet Russia has sixteen in Canada—not counting the doormen, cooks and bottle washers. If Soviet Russia sought trade relations with Canada I could see the reason for so many representatives. I can understand Great Britain and the United States maintaining a group of representatives for the purpose of fostering trade, and I can understand both those countries and Canada having military representatives in their legations or embassies in order to co-operate in matters of defence. One may draw one's own conclusions as to why Soviet Russia has so many representatives in Canada.

Honourable senators, I repeat that I think we are going too far in the granting of immunities to commonwealth representatives. May I add that I am somewhat intrigued by section 8 of the bill, which gives the right to waive any immunity. I cannot imagine anybody waiving any rights under this legislation.

I do not think the bill should be rushed through, as its sponsor seems to wish. It should be given further consideration before receiving third reading. I want more information than has been given this afternoon, and I therefore suggest that the bill be referred to a committee.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Gouin, seconded by the Honourable Senator Euler—

Some Hon. Senators: Oh, oh.

Hon. Mr. Euler: I would prefer somebody else to second the bill.

The Hon. the Speaker: I evidently did not get the name of the seconder correctly.

Hon. Mr. Lambert: I will be pleased to second the motion.

The Hon. the Speaker: It is moved, and seconded, that this bill be read the second time.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Gouin, the bill was referred to the Standing Committee on External Relations.

EXCISE TAX BILL

DISTRIBUTION OF COPIES—ORDER FOR SECOND READING STANDS

On the Order:

Second Reading of Bill (447), intituled: "An Act to amend the Excise Tax Act."—(Hon. Senator Macdonald).

Hon. Mr. Haig: Honourable senators, before the motion for second reading is made, I rise on a point of order. The bill came to my office only about five minutes ago, and I had not seen it before.

Hon. Mr. Macdonald: My information is, and I stand to be corrected, that this bill is in the same form as it was when presented in the House of Commons, so no honourable member of this chamber is taken by surprise. The bill from the Commons was distributed and has been before us for some time, and there have been no changes in that bill—

Hon. Mr. Haig: I looked in my file, and it was not there. I understand that some other members have not received the bill either.

Hon. Mr. Macdonald: It is unfortunate if some honourable senators have not received the bill, because certainly it has been available. It received third reading in the House of Commons yesterday morning.

Hon. Mr. Haig: Honourable senators, I still object to the bill being proceeded with now. Instead of copies of this bill being on our desk or in our files at least twenty-four hours before the item is called, as the rules require, they were distributed within the past ten minutes, and we have had no chance to study the measure. However, on the order paper there are other bills on which copies have been distributed, and I would suggest we proceed with them.

Hon. Mr. Macdonald: Honourable senators have copies of the Excise Bill and the Customs Tariff Bill.

Hon. Mr. Haig: That is correct.

Hon. Mr. Macdonald: Those are the only two bills that were distributed before the house assembled today.

Hon. Mr. Haig: Yes.

Hon. Mr. Macdonald: The Income Tax Bill has just been distributed.

Hon. Mr. Haig: I have not a copy as yet.

Hon. Mr. Vien: I inquired before I came into the house and with difficulty secured a copy of the bill for my own use, but I do not think copies have been distributed.

Hon. Mr. Macdonald: I have no desire to force the Excise Tax Bill through the house

today. If there is any objection, I think we should recognize it. However, I would point out that Bill 469, having to do with capital expenditures of the Canadian National Railways System, is on our order paper for second reading today.

Hon. Mr. Haig: But copies of that bill have not been distributed.

Hon. Mr. Macdonald: They have just now been distributed. Certain officials of the railway, who have been in Ottawa for the past few days, have stayed over and could appear before our committee on Transport and Communications tomorrow morning. It occurs to me that if the honourable senator from Churchill (Hon. Mr. Crerar), who is to explain this bill, is prepared to proceed this afternoon, it would be possible to consider it in committee tomorrow morning.

Hon. Mr. Haig: The objection to that suggestion is that the honourable senator from Toronto (Hon. Mr. Hayden) has called a meeting of the Banking and Commerce Committee for tomorrow morning to complete the Bank Bill and to consider the Province of Quebec Savings Banks Bill, which received second reading this afternoon. Those two items will occupy the committee all forenoon, and I for one would like to be in on the discussion of the railway bill.

Hon. Mr. Macdonald: In view of the remarks of the leader opposite, I think we should proceed today with only bills 448 and 468, which are items 6 and 8 on the order paper. Is the honourable senator from Toronto (Hon. Mr. Hayden) prepared to proceed with the explanation of Bill 468, the Customs Tariff Bill?

Hon. Mr. Hayden: No, I am not.

Hon. Mr. Macdonald: Then the only measure we are prepared to proceed with is the Excise Bill.

Hon. Mr. Haig: Agreed.

The order for the second reading of the Excise Tax Bill stands.

EXCISE BILL

SECOND READING

Hon. John J. Connolly moved the second reading of Bill 448, an Act to amend the Excise Act.

He said: Honourable senators, Bill 448 amends the Excise Act, which is Chapter 99 of the Revised Statutes of Canada. This act, which has been on the statute books for many years, was formerly known as the Inland Revenue Act. I think it might be of value to say something of the nature of the act itself before coming to the amendments.

By this act excise duty is imposed upon distilled spirits, beer or malt liquor, spirits used in the manufacture of goods in bond, tobacco and cigars manufactured in Canada, and Canadian raw leaf tobacco. The rates are those set out in a simple schedule at the end of the act. The act itself is lengthy, comprising some 261 sections, as well as the schedules which set the level of tax.

The general sections deal with such matters as licences, the keeping of books of accounts, rates, bonding and warehousing, the powers of enforcement and offences, penalties, seizures and forfeitures.

Honourable senators will appreciate that the act, which is rather far-reaching, must be very meticulously drawn, because it is one of the important measures whereby the crown secures its revenue. I am informed that the excise duty collected in the fiscal year 1953-54 amounted to $249,697,000. The matter of policing the provisions of the act in order to assure the collection of revenue, and to prevent escape from the provisions of the act, requires an elaborate legislative structure. I may say also that the tax under this act, which is an excise duty, is a tax on goods and is collected at the manufacturers' level.

The effect of the amendment is rather simple. The principal sections affected are 172 and 173, and schedules III and IV of the act, with reference to beer. At the present time all beer or malt liquor brewed from substances other than malt attract a tax of some 42 cents a gallon; and all malt brought into breweries for the purpose of making malt beer is taxed at the rate of 21 cents a pound.

It is proposed by the amendments, first, to abandon the poundage method of tax; second, to adopt the gallonage method of tax, and to make a uniform gallonage tax for all beer, whether it is brewed from malt alone or from malt and other substances like brewers' corn flakes, corn adjuncts and the like.

Hon. Mr. Hugessen: And rice.

Hon. Mr. Connolly: Yes, and rice. Malt beer is now taxed on a poundage basis at the rate of 21 cents a pound. I am informed that it requires about two pounds of malt to produce a gallon of malt beer. For beer produced from malt and other substances the tax now is 42 cents a gallon. But that beer, I am informed, constitutes only 6 per cent of the total quantity of beer produced in this country. Due to modern production methods—and that is the only explanation I have been given—it is now possible to produce a gallon of malt beer with a little less than two pounds —approximately 1·8 pounds—of malt. Therefore there is some tax discrimination in favour

of beer produced from malt and beer produced from substances other than malt with, of course, malt included. It is now proposed to levy a tax of thirty-eight cents on a gallonage basis on all beer. This would also appear to have some measure of fairness for the producers of corn, in that there is a reduction in tax from 42 cents to 38 cents on the type of beer for which they supplied some of the ingredients. I am informed, however, that there is no anticipated reduction in the revenue.

There is another small amendment. Sections 171 and 176 are amended as to the labelling requirements and these requirements, for beer, are now to be regulated and prescribed by order in council. Formerly they were contained in the act and were found to be rather rigid. I am informed that the department has had a rather satisfactory set of regulations working in connection with labelling for the distilling industry and it is proposed to make the same regulations applicable, *mutatis mutandis* perhaps I should say, to the brewing industry.

There is another section in the amending bill requiring penalties to be applied for failure to comply with measuring requirements on the computation of tax.

So, honourable senators, to summarize the provisions of the amending bill, may I say that, generally, the purpose of the amendments is to provide a lower rate of tax and a new method of computing the tax, and there are mechanical changes in the act consequent upon the imposition of this new tax on the gallonage basis.

Section 2 provides a minor amendment in cases of drawbacks of duty on exported beer. Section 3 provides for regulations to ensure compliance by the brewing industry with the provisions of the act. Section 4 provides penalties for failure to comply with the act or regulations. Section 5 amends the schedules in the manner I have described. Section 6 simply says that the act shall be deemed to have become effective on April 7, 1954.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. Connolly: Honourable senators, I am completely in the hands of the house. Perhaps this particular bill need not go to committee; I was going to suggest that we have third reading at the next sitting. If any honourable senator would like it to go to committee for further explanation, I have no objection.

Hon. Mr. Aseltine: Next sitting.

DISTRIBUTION OF BILLS

Hon. Mr. Macdonald: Honourable senators, a few minutes ago we were discussing the question of the distribution of bills. I have been perusing the Rules of the Senate of Canada and I do not find any provision that a bill must be distributed at least twenty-four hours before it is considered. It was not a provision in the House of Commons Rules while I was there, and I was rather surprised to hear it suggested that such a provision was in ours. I am not going to suggest that the second reading of these bills which have not been distributed should be proceeded with today, but I do say that I can find no provision in the rules which would make it irregular to do so.

Hon. John T. Haig: Honourable senators, the practice of this house in the past has been never to call a bill for second reading if copies of it have not been distributed. To call the order for the second reading of a bill only ten minutes after a copy is placed on our files is, I say, pretty fast work. I would like at least twenty-four hours to read bills like these. In all my experience I have never seen a bill pushed through the house before being distributed to our desks in sufficient time for everybody to read and study it. Surely that is the least that can be done, regardless of the rules. In the Legislature of Manitoba, where I sat for a number of years, we never had to contend with a condition like this. Now, if it is the intention of the government to put these bills through for second reading today under the circumstances I have mentioned I cannot help it, but I say that is not a proper way to deal with legislation.

Furthermore, I am positive that the Senate would receive a very severe reprimand from the people of Canada if it were known that we allowed the government to force bills on for second reading only a few minutes after they were distributed. If we allowed that to happen we would be shirking our responsibility as a chamber of sober second thought, where legislation should be given careful consideration. That procedure smacks neither of second thought nor sober consideration. For instance, there is on the order paper a bill authorizing the Canadian National Railways to make capital expenditures involving some $234 million, and yet that bill was distributed not many minutes ago. Fortunately, as Leader of the Opposition, I was sent a copy of the bill as soon as it was introduced in the House of Commons, and I read it, but I do not think that applies to other members of the house. As my honourable friend from De Lorimier (Hon. Mr. Vien) said, it was only after some difficulty

that he was able to secure a copy of the bill to amend the Income Tax Act, which is also on the order paper. I must admit I have had a copy of it myself for three or four days. It would be unfair to ask the house to consider bills that have just been distributed in the chamber but, as I say, if that is what is going to be done I cannot help it.

Hon. Mr. Macdonald: I think I said in my opening remarks at this stage of the discussion that it was not my intention to suggest that these bills be considered at this time, if there was any objection. I did, however, wish to draw to the attention of the house the fact that there is no rule to the effect that a bill must be distributed twenty-four hours before it is considered. I do not think the Leader of the Opposition (Hon. Mr. Haig) would have had any objection whatsoever to our proceeding with the second readings if these bills had been distributed this morning.

Hon. Mr. Haig: No, I do not think I would have.

Hon. Mr. Macdonald: For that reason I let it be known that there is no twenty-four hour rule as to distribution of bills.

I want to assure my honourable friend the Leader of the Opposition that there is no desire on my part to have the house consider any legislation before the house is prepared and sufficiently informed to do so.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 10, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

THE ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received a communication from the Secretary to the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day, at 5.45 p.m., for the purpose of giving the Royal Assent to certain bills.

WAR SERVICE GRANTS BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 82.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (82 from the House of Commons) intituled: "An Act to amend the War Service Grants Act", have in obedience to the order of reference of June 8, 1954, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

ROYAL CANADIAN MOUNTED POLICE BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 464.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (464 from the House of Commons) intituled: "An Act to amend the Royal Canadian Mounted Police Act", have in obedience to the order of reference of June 8, 1954, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

BANK BILL

REPORT OF COMMITTEE—AMENDMENTS CONCURRED IN

Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 338.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (338 from the House of Commons) intituled: "An Act respecting Banks and Banking", have in obedience to the order of reference of June 3, 1954, examined the said Bill and now beg leave to report the same with the following amendments:

1. Page 20, lines 18 to 21: strike out subclause (2) and substitute therefor the following:—

"(2) Nothing in subsection (1) affects the rights and remedies, under any contract of sale that does not comply with the conditions and requirements mentioned in that subsection, of any purchaser who has no knowledge of such non-compliance.

(3) Where under the by-laws of the bank it is unnecessary that transfers of shares of its capital stock be made in the books of the bank, no transfer of shares, unless made by sale under execution or under the decree, order or judgment of a court of competent jurisdiction, is, until entry thereof has been duly made in a book of the bank in which the transfer may be recorded, valid for any purpose whatever, save only as exhibiting the rights of the parties thereto towards each other, and if absolute of rendering any transferee jointly and severally liable with the transferor to the bank and to its creditors.

(4) Notwithstanding subsection (3), the delivery of any certificate for fully paid shares, with a duly executed transfer endorsed thereon or delivered therewith, constitutes a valid transfer of the shares comprised therein, if such shares are listed on any recognized stock exchange at the time of such delivery, but, until entry of such transfer is duly made in a book of the bank in which the transfer may be recorded, the bank may treat the person in whose name the shares comprised in the said certificate stand on the books of the bank as being solely entitled to receive notice of and vote at meetings of shareholders and to receive any payments in respect of such shares whether by way of dividends or otherwise."

2. Page 85, lines 6 and 7 of Schedule L: strike out the following: "up to and including the ....day of ....., 19.."

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Hayden: I move that they be concurred in now.

Hon. Mr. Reid: What is the hurry?

Hon. Mr. Hayden: Honourable senators, these amendments are formal in one sense. The first one simply means that under the new Bank Act the banks would have the option of establishing whatever method they preferred for the transfer of their shares. Heretofore the shares could only be transferred on the books of the company, but this amendment would incorporate in the Bank Act the provisions in the Companies Act of Canada dealing with methods of transfer. The second amendment simply strikes out one line in the form in Schedule L. This change does not impair the security of the bank at all, and it relieves the borrower from possible additional expense and possible additional paper work in connection with loans on oil in or upon the ground or otherwise.

The motion was agreed to and the amendments were concurred in.

The Hon. the Speaker: When shall this bill, as amended, be read the third time?

Hon. Mr. Hayden: Now.

Hon. Mr. Reid: Next sitting.

BANK OF CANADA BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the commiittee on Bill 297.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (297 from the House of Commons) intituled: "An Act to amend the Bank of Canada Act", have in obedience to the order of reference of June 8, 1954, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

QUEBEC SAVINGS BANK BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 419.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (419 from the House of Commons) intituled: "An Act respecting savings banks in the province of Quebec", have in obedience to the order of reference of June 9, 1954, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

CRIMINAL CODE BILL

REPORT OF COMMITTEE—AMENDMENTS CONCURRED IN

Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 7, an Act respecting the criminal law.

Hon. Mr. Macdonald: Honourable senators, as there are quite a number of amendments to this bill it might be well to have the reading by the Clerk Assistant dispensed with, and to ask the Chairman of the committee if he will be good enough to explain them.

For text of the committee's report, see appendix to today's Report of Debates, p. 604.

Hon. Salter A. Hayden moved concurrence in the amendments.

He said: Honourable senators, the first of the amendments contained in the report has to do with the question of appeals in the case of contempt in criminal proceedings. It will be recalled that, in the bill which we sent to the Commons on two occasions, we provided for the first time a right of appeal in respect of a contempt committed in the face of the court. That right was limited to appeal from a sentence, because we felt that in those circumstances, in order to maintain the dignity of the court, there should be no right of appeal from the judge's decision that contempt had been committed. The second thing we did was to provide a right of appeal from conviction and sentence in any cases where contempt had taken place other than in the face of the court. Honourable senators will have read during the last year or so reports of newspaper editors having been hauled to court to answer citations for contempt. It is that type of offence I refer to when I speak of contempt other than in the face of a court.

On the form that the bill was returned here the last time, the House of Commons had changed the provisions governing appeals and had provided for an appeal both from conviction and sentence, whether the contempt was committed in the face of the court or otherwise; but this right was expressed not to be absolute, but only with leave of the court of appeal or a judge of the court of appeal. We debated this change in this chamber and considered it again in committee; we heard representations from the Minister of Justice; and the report of your committee is that the position which we originally took is the sound one. We have therefore restored the appeal provision with respect to contempt which we originally incorporated in the bill.

The second item is an amendment of section 25 of the bill. This amendment was inserted at the request of the Department of Justice. The law as it is contains a provision, which has been in the Code for a very long time, whereunder a police officer may use such force as is necessary in the apprehension or to prevent the escape of a person who is suspected of having committed an offence for which he may be arrested without warrant, the only restriction being that he must not employ more violence than is necessary to accomplish the arrest or prevent the escape. For some reason or other this was omitted in the draft bill of the Criminal Code Revision Commission, and in subsequent redrafts by parliament. The Senate committee, which was asked to insert it, discussed the matter at length, and at the request of one of our members the item even stood over for a number of days. Finally the Minister of Justice made his representations on it, and the committee decided to incorporate it in section 25.

The third amendment has to do with section 68, dealing with the reading of proclamations in connection with riots. In the way in which the section was drafted it appeared that if a justice, mayor or sheriff or the lawful deputy of a mayor or sheriff received notice of a riot, the section was mandatory: the mayor or official in question was required to proceed to the place where the unlawful assembly was supposed to be taking place and read the riot act. It appeared to many senators that, notwithstanding other provisions in the act, there was no discretionary power, and that a situation might occur where the mayor or official, after receiving notice of an unlawful assembly, might get to the place and find a very peaceful gathering. Our amendment provides that when the justice, mayor or sheriff or the lawful deputy of a mayor or sheriff proceeds to the place where persons are supposed to be unlawfully and riotously assembled, he is to satisfy himself that a riot is in fact in progress before he proceeds to read the riot act.

The fourth amendment made by the committee is in connection with the seizure of telephone equipment in a betting house. Section 171 contains an exception which prevents police officers from seizing and destroying telephone equipment in a betting house. But in the complementary section, section 431, persons executing a warrant may seize and detain materials and equipment suspected to be used in the commission of an offence. The exception provided for in section 171 apparently had not been carried through to section 431, and in order to make the law abundantly clear we have amended the bill so as to ensure that the exception against this seizure of telephone equipment applies to both sections 171 and 431.

At the request of the department the committee made an amendment to section 178, dealing with pari-mutuel betting.

Several amendments were proposed by the department in connection with section 400, dealing with the printing of circulars, *et cetera*, in likeness of notes. The amendments have to do with the kind of offences that would be involved, and they have been incorporated in section 400.

Another amendment has to do with the question of *habeas corpus*. In sections 690 and 691 of the bill as it came before our committee there was provision for a hearing, in connection with *habeas corpus* proceedings on the merits, and then a right of appeal. Under the present law a person may apply for a writ of *habeas corpus* on the ground that there is no legal basis for his detention in custody. As the law now stands, if I were instructed on behalf of some person who thought he was so illegally detained I could apply to any judge of the Supreme Court of Ontario and ask him for a writ of *habeas corpus*. If he granted it the writ would be delivered to the jailer, and the jailer would be instructed, under that writ, to deliver up the body of the man detained at a certain day, in order that the question of whether the man was or was not being held legally in custody might be determined. If the judge refused to grant me the writ, I could go to other judges who might be available until I might find one who felt there was some merit in the application, or that there was an issue which should be inquired into; and my rights of appeal in that sense would fail only when I had exhausted the number of judges who were available.

The committee gave serious consideration to the amendments in the bill, and the opinion of the majority of the members—it was almost a unanimous opinion—was that the present procedure should be continued, and that the proposed new procedure should not be adopted, particularly that providing for an appeal after the first refusal by a judge. Under the appeal provision, even if a judge granted the writ of *habeas corpus,* the crown would have a right of appeal, in which case there would be a delay of seven days, for that would be the earliest time at which the appeal could be heard. On the appeal, if it was decided that the man was illegally detained he would have spent that much longer time in illegal detention. We finally concluded that if any judge of the Supreme Court decided there was something to inquire into, the inquiry should go ahead and should not be interfered with by giving the crown a right of appeal at that stage, when all that a judge has to determine is: "On the facts presented to me, is there anything on which there should be some inquiry to determine whether or not the man has been illegally detained?" The judge makes that decision.

The other amendments relate to the French translation of the bill. Apparently some question arose as to the use in certain sections of the proper French word to describe the particular offence, and in some instances members of the committee who are very familiar with the French terminology felt that in some sections the translator had not used the precise word to describe in French the particular offence dealt with in the English text. A number of amendments were passed to correct that situation.

In substance, those are all the amendments I need to deal with now. I wish to add that it is a source of satisfaction that we have the Code in its present form possibly on the last leg of its journey, so to speak, toward enactment. This result has been achieved after the bill has been in committee on three different occasions and considerable time has been spent in reviewing and studying its provisions, and changing them where we thought it necessary.

Although this bill may be passed and become law, I am not too hopeful that no further amendments to the Code will be required from year to year. We may think that certain sections are perfect, but in actual practice, when one runs up against a particular case and it is necessary to apply the law, defects or weaknesses in drafting are often revealed, and it is found that a provision has not been sufficiently expended or narrowed.

Before I take my seat, I want to express my gratitude to the members of the subcommittee and of the main committee that worked on this bill and helped to expedite the bringing of it to the present stage.

Hon. Senators: Hear, hear.

The motion was agreed to, and the amendments were concurred in.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill as amended be read the third time?

Hon. W. Ross Macdonald: Honourable senators, we have heard the honourable senator from Toronto (Hon. Mr. Hayden) explain the amendments very fully. The bill has received very careful consideration both from the committee to which the bill was referred and from this house. It now becomes necessary for the House of Commons to consider our amendments. If honourable senators are agreeable I will move that the bill be read the third time now, so that it may be returned to the House of Commons today.

Hon. John T. Haig: Honourable senators, I concur in what the Leader of the Government (Hon. Mr. Macdonald) has said. This is the most important piece of legislation that the Senate has had to deal with in recent years. A considerable amount of work was devoted to the revision of the Code in two previous sessions, as well as in this one, and when the bill becomes law a very real advance in Canadian criminal jurisprudence will have been made. I think that through its work on this bill the Senate has done itself great credit. In saying so, I am not speaking of myself, but rather in particular of those four or five members who did so much work on the original bill. I wish to pay a special tribute to the chairman of the committee to which this bill was referred (Hon. Mr. Hayden). He rendered great service.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: I pay this tribute to him not only because of his outstanding legal ability but because of the courteous way in which he treated every one of us, even though we did not agree with all his proposals. I appreciate what he said about the possibility of future amendments to the Code. We cannot expect any legislation to be perfect, and from time to time after this law has been tested in the courts some amendments will no doubt be found necessary. While I am a lawyer I have not had a great deal of experience in criminal practice and am not an authority on the subject. However, I can

assure the house that in the consideration of this bill in committee every attempt was made to give the benefit of any doubt to an accused person and to ensure that an innocent person would not be deprived of his freedom.

Historically speaking, this has been an interesting piece of legislation. The original bill that came to us was drafted by the Criminal Code Revision Commission, and while I do not direct any criticism at the members of the commission it can be said they were people who had been engaged more or less on the crown's side of the law. When that early bill came before the subcommittee of our Committee on Banking and Commerce it was considered by men who for the most part had been on the side of the defence. Obviously, after years of experience along a certain line, one forms his own ideas of things.

Speaking for the members of the committee which passed upon the bill now before us, I can say that the bill is the embodiment of British justice. I feel sure that it represents a great advance in criminal law, and that in the years to come senators will stand up in this house and pay tribute to the men and women of the Senate of 1951-54 for the service they rendered in helping the Parliament of Canada to enact a reasonably sound criminal code.

Hon. Senators: Hear, hear.

The motion was agreed to, and the bill as amended was read the third time, and passed.

CANADIAN NATIONAL RAILWAYS BILL

CONSTRUCTION OF LINES IN QUEBEC AND ONTARIO—REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill 442.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (442 from the House of Commons) intituled: "An Act respecting the construction of lines of railway by Canadian National Railway Company from St. Felicien to Chibougamau and from Chibougamau to Beattyville, all in the province of Quebec, and from Hillsport on the main line of the Canadian National Railways to Manitouwadge Lake, both in the province of Ontario", have in obedience to the order of reference of June 3, 1954, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Aseltine: Next sitting.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, I move that when this house rises today it stand adjourned until Tuesday next at 3 p.m.

I would remind honourable senators that, in accordance with the notice read by His Honour the Speaker, Royal Assent will take place at 5.45 this afternoon, and the whips are anxious to have as many senators in attendance as possible.

FEMALE EMPLOYEES IN CIVIL SERVICE

INQUIRY AND ANSWER

Hon. Muriel McQ. Fergusson inquired of the government:—

1. What was the number of permanent and temporary female employees in the Federal Civil Service, as of October 31, 1953?
2. How many of these employed women are single?

Hon. Mr. Macdonald: The answer to the first question asked by the honourable senator is as follows:

1. As of October 31, 1953, there were in the government service of Canada 30,389 women of whom 23,149 were temporary and 7,240 permanent employees.

The second question asked by the honourable senator is not as easily answered. I regret to say that I have been unable to obtain the information requested.

Hon. Mr. Howard: We want to know.

Hon. Mrs. Fergusson: Honourable senators, perhaps I worded my second question awkwardly, but I thought that the Civil Service kept a record of the status of their employees. I seem to recall from my own experience that employees are asked about their marital status, and I wonder if the Civil Service does not have some record which would provide that information.

Hon. Mr. Macdonald: I shall be glad to make a further inquiry to ascertain whether it is possible to get the information which the honourable senator seeks. I am glad she did not ask me the ages of the female employees, for that information might be still more difficult to obtain.

CRIMINAL CODE (RACE MEETINGS) BILL

THIRD READING

On the Order:

Third reading of Bill (Q-15), intituled. "An Act to amend the Criminal Code (Race Meetings).—(Hon. Senator Macdonald).

Hon. Mr. Macdonald: Honourable senators will recall that this bill received second reading yesterday afternoon. I was under the impression at that time that the Banking and Commerce Committee's report on Bill 7

would be read later at that sitting. However, the report has been presented and read today, and honourable senators have heard the amendment respecting pari-mutuel betting.

The purpose of this bill is set out fully in the explanatory note to the bill, as follows:

Section 235 of the Criminal Code relates to the circumstances in which pari-mutuel betting may be lawfully conducted in connection with race meetings. The purpose of this amendment is to ensure that a racing association that has been incorporated in one province shall not be entitled to conduct race meetings, with pari-mutuel betting, on race tracks that it acquires in another province.

I move third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

EXCISE BILL

THIRD READING

Hon. Mr. Connolly moved the third reading of Bill 448, an act to amend the Excise Act.

The motion was agreed to, and the bill was read the third time, and passed.

INCOME TAX BILL

MOTION FOR SECOND READING—
DEBATE ADJOURNED

Hon. Salter A. Hayden moved the second reading of Bill 467, an act to amend the Income Tax Act.

He said: Honourable senators, there are some twenty-two pages of amendments to the Income Tax Act in the bill before us and from a study of these amendments and our general observation of things I think we can safely conclude that we cannot expect in the near future much if anything, in the way of income tax reductions. Some of the proposed amendments are relieving in the beneficial sense of the word, while in other aspects the amendments are intended to close loopholes in the present law. Still others are meant to deal with situations that have developed as the result of enactments made in previous years where the use being made of those enactments has increased to such an extent that the department thought the provisions should be tightened up. That is all I have to say of a general nature. In explaining the Income Tax Bill last session, I adopted the practice of dealing with it section by section, and as that seemed to meet with a good reception I think I should try it once again. So I propose to deal with this bill section by section, indicating what the purpose of each amendment is and, where necessary, what the present law is.

Hon. Mr. Aseltine: How many acts relating to income tax have we now?

Hon. Mr. Hayden: We have the present Income Tax Act, which is in the Revised Statutes of 1952, and the Income Tax Act of 1948, and the Income Tax Acts for the period 1949 to 1952, to the consolidation; and, in addition, the Income War Tax Act, which had no further prospective application after 1948. Those various statutes that have to be carried along for some time because we are still dealing in an assessing way with the rights of people under them.

Section 1 of the bill contains an error that can be corrected in committee. It refers to subsection (1) of section 6 of the Income Tax Act, but there is no such subsection. However, a new paragraph is added to section 6 to deal with the sort of situation that has developed under section 20 (5) (c) (iv) of the act, which provides that where proceeds of a fire insurance policy are received they shall form part of what is termed proceeds of a disposition. That sounds somewhat complicated, but what it means is that the elaborate method of depreciating property called depreciated capital cost which was set up some years ago provided for recapture of all the depreciation allowed if you realize more than the balance of the undepreciated capital cost.

The general law in connection with the proceeds of fire insurance is that they form part of the so-called proceeds of a disposition and in the ordinary way would be deducted from capital account. But there is an exception in the present law which says that shall not happen to the extent that the amount recovered by fire insurance has been used within a reasonable time for the purpose of repairing the damage. I will now state what the amendment does. You recover fire insurance moneys as the result of damage to property, and in the first instance that may be proceeds of a disposition so that your capital account would be reduced by that amount and if there is any recapture it would apply, but then if you spend the money "(i) within the year, and (ii) within a reasonable time after the damage, on repairing the damage," then to that extent the amount spent is added back to your capital account, your proceeds of a disposition are reduced, you have an item of income in that year to the amount spent, and you have an item of expense. That is the manner of the bookkeeping.

Let me give an example. Say my only capital asset is a property and the cost was $5,000. I have a fire which damages the property to the extent that I recover insurance proceeds amounting to $3,000. My capital account has then become $5,000, less $3,000, so my undepreciated capital cost would be $2,000. Assuming that within a reasonable

time I spend $1,000 on repairs, then my proceeds of disposition, being the $3,000 received as insurance, are reduced to $2,000, and my capital account is increased from $2,000 to $3,000. I put $1,000 into income account for the year and I match that with $1,000 for expenses. That is in fact the way the transaction works out.

It seems to me that under the law as it is now in section 20 (5) (c) (iv), that could have been accomplished by means of regulations, instead of by as an amendment to the act.

Hon. Mr. Aseltine: You still have $2,000.

Hon. Mr. Hayden: As you spend the rest of the money within a reasonable time on repairing the damage, then your capital account is restored by the amount you spend.

Hon. Mr. Aseltine: But if you do not spend it?

Hon. Mr. Hayden: If you do not spend it, it forms the proceeds of a disposition, and if you are subject to recapture—

Hon. Mr. Aseltine: Then, would you have to pay income tax on it?

Hon. Mr. Hayden: Yes.

Hon. Mr. Kinley: Would that apply if the building was completely destroyed and a new one is built on the same site?

Hon. Mr. Hayden: That would not be repairing the damage.

Hon. Mr. Kinley: No, but you received insurance for the old building.

Hon. Mr. Hayden: That would not be the proceeds of insurance. That would be proceeds of a disposition and they would equal the undepreciated capital costs on your capital account at that time. Your capital account would be wiped out and this accretion of the proceeds would go into your capital and would be used again to put up a building.

By section 2 of the bill it is proposed to amend section 11 of the act, which deals with the deductions that are allowed in computing income, and interest on borrowed money used for the purpose of earning income is a proper item of deduction, but the wording in the section was unfortunate and this amendment clarifies that wording. All I have to do is to read the present section to show that the wording is unfortunate. Section 11, (1) (c) says:

> Deductions allowed in computing income—
> (c) an amount paid in the year or payable in respect of the year (depending upon the method regularly followed by the taxpayer in computing his income), pursuant to a legal obligation to pay interest on
> (i) borrowed money used for the purpose of earning income from a business or property (other than property the income from which would be exempt).

The amendment permits deduction of interest on:

> (i) borrowed money used for the purpose of earning income from a business or property (other than borrowed money used to acquire property the income from which would be exempt).

Of course, what the departmental officials were trying to get at there was this kind of situation: if you operated a business and borrowed money to buy shares in another company, the dividends on those shares passing into your company would not attract any tax. But, as I said, the wording was unfortunate. What it says now is, if you operate a limited company and borrow money to buy shares in another company you are going to be allowed a deductible item of interest. What is being dealt with is, when to deduct and when not to deduct interest on borrowed money. Deduction is permissible if the borrowed money is used to earn income; it is not permissible if the borrowed money is used to acquire assets and the income from those assets is not taxable income.

Hon. Mr. Kinley: If you buy shares in another Canadian company you deduct only 20 per cent on your income tax return.

Hon. Mr. Hayden: No. If I have a company and buy shares in another Canadian company, the dividend from the company in which I invest passes to the first company without any tax on it.

The next amendment, appearing at the bottom of page 1, is paragraph (*ca*), which is added to subsection (1) of section 11 of the act. It provides that when, because of arrears in payment of interest it becomes necessary to pay interest on that interest, the interest so paid on overdue interest is allowed as a deduction, as well as the interest itself.

The next amendment in section 2 is subsection (3), which relates to subparagraph (i) of paragraph (e) of subsection (1) of section 11 of the act. It simply repeats in respect of interest the same language I have already quoted in dealing with the earlier amendment, and it deals with the situation where a person is in receipt of a payment which is a combined interest and principal; and it depends on the character of that interest, and in respect of what it is being received, whether it should be a deductible item or not. All that is done is to change the wording of the section in the same way as I have described in relation to the previous amendment.

Subsections (4) and (5) implement budget resolution No. 5 in dealing with contributions by employers and employees to an approved

pension plan. Hitherto the amount of the contribution which was permitted to be made without attracting the tax was $900: that is, the employer could contribute up to $900 to an approved pension plan in any year in respect of each of his employees, and the employee could contribute the like amount, and those contributions did not attract a tax. Now, in each case—implementing budget resolution No. 5—the amount has been increased to $1,500.

By subsection (6), section 11 is amended by adding subsections (3a), (3b) and (3c). The purpose is this. If you borrow money at a discount, you take the face amount of the note which is discounted as being the amount really borrowed, and then if some of the money is used in the business to earn income, and some is used for purposes for which you would not be entitled to deduct the interest, how are you going to ascertain what part of this amount is referable to business which is earning income? This section spells it out thus, that you ascertain how much of the money received is actually used in the business, to earn income, and then figure the proportion to the whole amount actually received; and the percentage of the face value of the note is regarded as being the money which is actually borrowed for the purposes described in the act.

There is also in subsection (3b) a declaration that money borrowed to repay money borrowed shall be regarded as having been borrowed for the same purpose as the original borrowing. Once the character of the original borrowing is determined, the money borrowed to repay the original loan takes the same character.

Subsection (3c) provoked a lot of debate in the Commons. Frankly, I believe there must have been a good deal of confusion in connection with the discussion of it, because the provision is very plain. It deals with the situation of a teacher who has made contributions to an approved pension plan and retires to enter Her Majesty's service or to work for some organization in respect of which his taxable income is entitled to exemption by virtue of section 62 of the act. Later, he goes back to his earlier employment and wants to qualify for the pension plan and make contributions in respect of past service. The wording of the law as it stands means that, since he had been under the plan and had made contributions for past service before he left his employment as a teacher, he could not make deductions of payments made in respect of past services. Subsection (3c) simply says that, notwithstanding these circumstances, he shall qualify to make such deductions.

Hon. Mr. Aseltine: Is that for the purpose of overcoming the present teacher shortage?

Hon. Mr. Hayden: I could not say that it is for that purpose, though I think it might be a factor in influencing some teachers who have left the teaching profession to go back to it.

Subsection (7) is intended to deal with the following situation. Under the present law, if an employer contributes more than $900 a year to an approved pension plan he can deduct in respect only of that amount, but he is permitted to carry the excess over to the next year, so he may catch a year in which he is not able to contribute in excess of $900. This is changed by the amendment, and the limitation of $900 is struck out, so that the new limitation will be $1,500.

Subsection (8) of the bill repeals paragraph (c) of subsection (9) of section 11 of the act and substitutes a new paragraph (c). The purpose of the amendment is simply to correct an omission that was made in the previous drafting. A comparison of the proposed paragraph (c) with paragraph (c) now in the act discloses that the latter omitted reference to subparagraph "(vi)" in connection with section 5 of the act. Section 5(b)(vi) of the act provides that reasonable allowances received by a minister or clergyman for transportation expenses incidental to the discharge of their duties is exempt from income tax. The amendment makes it clear that a clergyman who receives an allowance for transportation which is excluded from income by reason of section 5 of the act, may not also claim a deduction under section 11 of the act for travelling expenses. In other words, the object of the amendment is to prevent a minister or clergyman, when computing his income tax, from including travelling costs as an item of expense under section 5 when he is claiming this item as a deduction under section 11. In short, it is to prevent the taxpayer from receiving a double benefit.

I wish to deal next with subsection (9) of section 2 of the bill, which was given thorough study in the other house. This amendment, which introduces a new subsection, has to do with the travelling expenses of certain employees that may be deducted for income tax purposes. As honourable senators may know, salesmen and other employees who move about in the course of their employment have been permitted to deduct the cost of their meals as an item of travelling expenses. This right has been abused to such an extent that the depart-

mental officials deemed it advisable to close the apparent loophole in the act. A great number of meals have been charged by employees who have not even moved beyond their municipality or metropolitan area in which their employers' plants have been located. Such employees as milkmen, when computing their income tax, have been deducting the cost of their lunches. The department has decided that the substantial majority of Canada's employees buy their lunches out of their own personal funds, and that therefore the cost of these meals should not be deductible for income tax purposes. This new subsection (9a) provides that salesmen or other employees who are permitted by subsections (6) and (9) of section 11 of the act to deduct travelling expenses incurred in earning their income, may not deduct the cost of their meals unless they are away for a period of at least twelve hours from the municipality or the metropolitan area where their employer's plant is located.

Hon. Mr. Euler: What about entertaining business guests at home?

Hon. Mr. Hayden: That is an entirely different matter. It is perfectly all right if an employer wants to assume responsibility for the payment of such meals, and he may charge them up as an entertainment expense to be dealt with under another part of the act. However, that does not enter into the consideration of the item now before the house.

Subsection (10) amends section 11 of the act by adding immediately after subsection (11) thereof a new subsection (11a). Subsection (11) of section 11 of the act provides that under certain circumstances a deduction may be made with respect to the capital cost to a taxpayer of an automobile used in the performance of his duties. The departmental officials felt that this was another provision that was being abused, so there has been inserted a new subsection which provides that capital cost allowances deducted by a taxpayer in respect of an automobile used in the performance of the duties of his office or employment shall be subject to recapture in the event that the automobile is ultimately sold for more than the then undepreciated capital cost of the automobile.

Section 3 of the bill speaks for itself, so I need not spend any time on it. It merely corrects a typographical error made in the Revised Statutes of Canada, 1952.

Section 4 revises section 18 of the act, which deals with lease-option agreements and hire-purchase agreements. If under a lease-option agreement you lease property with the option of buying it, then for the purposes of computing income tax you may regard any so-called rental payments as payments on account of the purchase price and not as rent. A loophole was apparently discovered in the operation of section 18 of the act, and the amendment I am dealing with has been designed to plug that loophole. The lease-option provision now in the act applies where the option is given, not to the lessee, but to a third person with whom the lessee is not dealing at arm's length. In other words, this simple expedient has been taken: "Oh, yes, I will make a leasing agreement with you and with my brother. You can give him an option so that he can buy the property." In this way attempts have been made to avoid the application of section 18. This amendment closes that gap and provides the rules that are to be applied in respect of capital cost allowances when a lease has been taken by one person and the option taken by a third person who is not at arm's length in relationship to the lessee.

Section 5 provides new rules for adjusting the depreciation account when the proportion of a property used for producing income is changed. Let me give an illustration. Suppose a man owns a double house and rents both parts of it, but later decides to take over the occupancy of one-half, so that only the other half remains rented. That portion only would be subject to capital cost allowance, and the income from the rent would of course be subject to income tax.

The provisions of the present law are cumbersome with respect to determining capital cost allowance when the proportion of a property used for producing income is changed. For purposes of computation it is presumed that the whole property is sold for its fair market value and that the part that produces income is bought back at the fair market value, and that represents the value which is used for capital cost allowances thereafter. A direct approach is now made to the problem, and you simply determine the fair market value of the part of the property with respect to which the change takes place.

The next amendment is in section 5 (1) (g) of the bill, and this deals with bulk sales. In a bulk sale there may be depreciable assets and assets which are not depreciable. The question is, how is the allocation made for the purposes of determining the basis of value for depreciation? Parapragh (g) answers that question. Under the present law there is no rule describing the purchaser's position in a bulk sale transaction. The

only provision is with respect to the vendor, and for him it is described as "the proceeds of disposition". Paragraph (g) specifies rules for the allocation of the purchase price in a bulk sale of assets.

Section 6 amends section 27 of the act. The present section states that payment made "for" various medical items may be deducted from income, and this amendment adds the words "or in respect of" after the word "for". It also adds "an iron lung" to the list of medical items. An iron lung is expensive—it may cost as much as $2,000. For that reason it is more likely that a person would rent one than buy one. Insertion of the words "or in respect of" means that the cost of renting an iron lung will be deductible from income in the same way as the purchase price now is.

Section 7 repeals section 28 (4) of the act. This is a rather technical section, having to do with dividends received by a corporation. Honourable senators will recall the discussion of previous years in relation to controlled companies, particularly as to the fact that the moment one company bought a controlling interest in another the surplus or undistributed income became frozen, and was called a "designated surplus." There are rules in the act for the distribution of this designated surplus and the tax to be deducted. A large number of requests were made to have the act amended in that respect, but it has never been amended to deal with the situation where a dividend was paid out in a certain year and subsequently during that year control was acquired of the particular corporation by some third party. The act provided that the control of a company's profits by another company during the control period go back to the beginning of the year. Last year we, so to speak, "unmessed" that kind of legislation, but did not go far enough. The amendment now proposed provides for the additional case where a dividend is paid in the year that control is acquired but after control is acquired, and the amount is not in excess of the current earnings of the company in that year. It was said that in that kind of case such a dividend is not presumed to have been paid out of the designated surplus, and you had to face the problem of possible taxation.

Hon. Mr. Euler: Is the problem simplified by the amendment?

Hon. Mr. Hayden: I would think so.

Hon. Mr. Lambert: May I ask the honourable senator how this provision affects a company which tries to sell out?

Hon. Mr. Hayden: This amendement does not affect that situation at all. This legislation, I understand, was introduced in only 1950. Before that time it often happened that somebody would become interested in a certain company which showed a good operating profit and earned surplus, form a holding company and buy the shares of the company; and having acquired the shares of the company the new owner would clean out the surplus. Under our general law that could be done without payment of tax on the surplus. The department finally became alerted to the fact that it might benefit by adopting a new system, because it was losing a source of taxation revenue by permitting that practice. I think it was some time after June of 1950 that the department declared that if control of a company were acquired by another company the surplus at that date was frozen, and to get it out the tax had to be paid. That proved to be too drastic, for it covered cases which it did not intend to cover; hence the amendment last year and the further one this year.

Section 8 is very wordy, and I would not urge you to read all of it at the moment. It deals with the case of a person who is a member of a partnership. Say the fiscal year of the partnership ends in February or March, and one of the partners retires but continues to receive some of his income and earnings in that partnership throughout the year. He then takes employment from which he obtains income, and therefore has to pay tax on an amount in excess of what his normal income would be. Such a case is not covered by the present act. The purpose of section 8 is to deal with the case of a man who retires from a partnership before the fiscal period terminated, and takes employment from which he receives income. To cite an extreme case; if the partnership year started in January, and the man took employment immediately thereafter, he would have twelve months of partnership earnings and twelve months of employment earnings in one year. He must now determine his overall income for one year. An effective rate of tax is established in relation to his year's aggregate income, and that rate is applied to the excess that has come into that one year's earnings by reason of these conditions.

Hon. Mr. Connolly: What basis would be used?

Hon. Mr. Hayden: You take the total earnings he receives; that is, you take his twelve months earnings received in his new employment, plus his earnings from the partnership, and that gives you twelve months as a base for calculating the effective rate.

Section 9, which appears on page 8 of the bill, amends section 39 of the act, wherein it is provided that corporations are entitled to a tax rate of 18 per cent plus 2 per cent on the first $20,000 of their earnings. But that section in the act further provides that if you have a series of companies, only one may get the benefit of the 20 per cent rate on the first $20,000. Since a principle laid down later in this bill reserves the use of the words "related to" for transactions which may be said to be at arm's length or not at arm's length, it was decided that, in order to avoid confusion, the words "associated with" should be used in connection with companies entitled to the 20 per cent rate. The section provides certain conditions which are self-explanatory.

Hon. Mr. Isnor: In the case of several companies, is the taxpayer entitled to select which of his companies should receive the 20 per cent rate?

Hon. Mr. Hayden: I will answer my honourable friend by saying: if the parties can agree, that is fine; but if they cannot agree, the Minister determines which company shall receive it.

Hon. Mr. Isnor: May I ask a second question? If the taxpayer selects company A to receive the benefit in 1953, is he entitled to select company B in 1954?

Hon. Mr. Hayden: I know of nothing in the act which prohibits his doing so; but, after all, he is entitled to 20 per cent on only the first $20,000 of earnings. However, I can visualize a situation in which one company might have less than $20,000 earnings in one year, and obviously it would be more beneficial to give the 20 per cent rate to a company which could take the full benefit of it.

Hon. Mr. Isnor: That is the point.

Hon. Mr. Hayden: I do not think that hole has been plugged yet.

I turn next to section 10 of the bill, having to do with what is called "farmer averaging". Honourable senators are familiar with section 42 of the act which provides that for taxation purposes farmers and fishermen may average their income over a five-year period. As the section now stands, the taxpayer may carry a loss back one year or forward five years, and average his income every five years. But with regard to averaging income over five years for the purpose of determining the rate of tax payable each year, section 42 did not clearly state whether the taxpayer was entitled to include in his list for averaging purposes a year in which he had no income or suffered a loss. There was a question whether he was entitled to reduce his average by taking into account a loss in any one year. Section 10 of the bill is a relieving section, and I shall explain it by giving an illustration. Let us suppose a farmer had a profit of $2,000 for four years and suffered a loss of $4,000 in the fifth year. Under the present law he could carry back the loss only one year, which means he could carry back $2,000 of his loss, and the remaining $2,000 he would carry forward. In other words, he is not able to use the whole loss to reduce his average for the five-year period. The proposed amendment would allow him to take into account his whole $4,000 loss for the purposes of averaging his income over the five-year period. The section goes on to say, of course, that, having used up his loss in that five-year period, he cannot carry it forward into the first year of the next five-year period. To that extent the section is relieving.

I should also point out that the definition of what may be included in farmers' income has been enlarged. If honourable senators will refer to the bottom of page 8 and the top of page 9 of the bill, where new subsections (6) and (7) are added to section 42 of the act, they will see there the definition is enlarged to include, for instance, rent received from farm property and also money received for what is called "share cropping."

Hon. Mr. Aseltine: Has that not always been the case?

Hon. Mr. Hayden: Apparently not, because this definition expands the provision.

Hon. Mr. Aseltine: We have always included it.

Hon. Mr. Hayden: I imagine you were anticipating the change in the law.

Hon. Mr. Haig: In Saskatchewan they "get away with murder".

Hon. Mr. Reid: Do the words "farming or fishing" mean farming and fishing? I have in mind the farmers in my part of the country who do a considerable amount of fishing in certain seasons of the year.

Hon. Mr. Hayden: It reads "farming or fishing", but if a taxpayer does both it may be interpreted to mean "farming and fishing".

Section 11 would amend section 50 of the act which has to do with payment of tax by corporations. I shall deal quickly with this action, by saying that at the present time corporations may pay their income tax on an estimated basis by instalments. In the last six months of the fiscal year they pay one-twelfth of the tax in each month, one-sixth of the balance in each of the next five

months and the remainder when they file their return. The difficulty there is that half of the payments are on an estimated basis, and the balance are on an actual basis. This amendment, which is relieving, would extend by three months the time in which a company may pay instalments of tax on an estimated basis. That means that the company would pay tax on an estimated basis for the last six months of the fiscal year and the following three months, a total of nine months, and the balance upon the filing of the return. It is a relieving section for corporations.

Sections 12 and 13 of the bill deal with business losses. Section 27 (1) (e) of the act permits the deduction of business losses which are incurred in the five taxation years immediately preceding the taxation year and the year immediately following the taxation year.

Under section 12 of this bill, section 54 of the act is amended by adding subsection 8. What happened was this: a man would come along and say "I am not going to pay you any taxes this year because I expect I am going to have a loss next year". And when he did not pay disputes would arise as to interest charges on the instalments he should have paid. This amendment is to clarify the situation, that while you are entitled to carry back a loss, if the taxation year is a year of profit you must pay your tax instalments in the ordinary way, if you are in the class otherwise you may be subject to a penalty by way of interest charges. You cannot anticipate your position during the current taxation year. It is only when the year has passed and it has been determined that you have a loss that an adjustment is made. In the meantime you cannot withhold payment.

Hon. Mr. Isnor: Do clauses 10 and 11 apply to fishermen and lumbermen? Is there a wider scope for them in regard to averaging?

Hon. Mr. Hayden: Yes; and that principle has not been enlarged.

Hon. Mr. Crerar: Do I understand the honourable senator to say that the quarterly instalments have to be paid on the expected profit even though the taxpayers ends the year with a loss?

Hon. Mr. Hayden: Yes.

Hon. Mr. Crerar: Then he is entitled to a refund?

Hon. Mr. Hayden: He files his return and shows his loss, and that he has overpaid, and when he is assessed he receives a refund.

Hon. Mr. Crerar: Does he get any interest on the money that he paid by instalments?

Hon. Mr. Hayden: No.

Hon. Mr. Crerar: Well, that is a very unfair feature in the Income Tax Act.

Hon. Mr. Hayden: I do not know whether "unfair" is the word to use.

Hon. Mr. Baird: Unjust.

Hon. Mr. Hayden: The position taken by the taxing authority is this, that if you have an obligation to pay taxes and you are earning profits during the year, you should pay your instalments of the tax. If you are not making profits then you are not obliged to pay a tax. But section 12, which I was explaining, deals with the situation where a man in a year in which he makes a profit says "I anticipate a loss during the next year and so I am not going to pay this year's tax because I can carry back that loss". The department's reply is, "Yes; under the law you can carry it back, but we will deal with that when we get to that point on the road. In the meantime, you pay".

Sections 14 and 15, on page 10 of the bill, will I think interest the house, as they have to do with the taxing of, among other things, mutual fire insurance companies. Section 14 implements Budget Resolution No. 7, and section 15 implements Budget Resolution No. 6. By a decision within the last year on an appeal by the Stanley Mutual Fire Insurance Company from a ruling of the Income Tax Appeal Board, the Supreme Court of Canada decided that reserves accumulated out of underwriting profits by a mutual company of the type of the Stanley contained no element of taxable income. It will be recalled that a Royal Commission was appointed to inquire into the activities of co-operatives and mutual insurance companies, and as a result of the report filed in 1946, legislation was brought in, I think in 1947, under which underwriting profits of mutual companies were made subject to income tax. The Stanley case declared the law to be that they had no taxable property. These two sections do several things; one is to re-establish the right to tax mutual fire insurance companies.

Hon. Mr. Haig: On their reserves or profits.

Hon. Mr. Hayden: They are taxable on their underwriting profits and reserves accumulated from underwriting profits, and they are taxable on their taxable income.

Hon. Mr. Euler: And on their premium income.

Hon. Mr. Hayden: Section 62 of the act, exempts certain types of operations from income tax; and this amendment in section 14 of the bill, flowing out of the Stanley decision, adds the provision that all mutual companies are exempt from income tax

where 50 per cent or more of their gross premiums come from the insuring of farm property or property used for fishing or residences of farmers or fishermen. So that the mutual fire insurance companies have to some extent been released from their tax liability and are put into section 62, the exempting section.

Then in section 15 we have the general declaration of the law, that all insurance companies other than life companies are taxable—I am proceeding with it in this fashion, because this is the way the statute does it—are taxable on their underwriting profit, and investment income, and all rules applicable for the determination of taxable income are preserved and applied.

A rule established through the Superintendent of Insurance and the Department of National Revenue in relation to foreign or non-resident mutual insurance companies, provides that if underwriting profits are returned as taxable income, no return is required of investment income, and the companies are not entitled to charge off any part of head office expense. That arrangement has been in effect since and including the year 1947; so that for that period non-resident mutual insurance companies, other than life companies, have not included any item of expense in the form of head office expense of the parent company incurred outside of Canada or any item in the form of investment income. I am told that a statement provided recently to the Department of Finance revealed that the head office expenses and of the investment income attributable to Canada in these operations would come fractionally close to balancing out.

Hon. Mr. Euler: May I point out to my friend that circumstances have changed altogether. In the old days no record was made of the interest on securities, because they were held largely in England or in the United States. The companies were not allowed to deduct anything for head office expenses, which at that time were very small, but I am assured that this business has increased so tremendously that the amount which may not be taken off for head office expenses is not nearly so great as the income that they get from these receipts.

Hon. Mr. Hayden: That is my honourable friend's statement, and I have made my statement, and given the source of my information. If there is any question about it, when the bill goes to committee he can ask a question.

Hon. Mr. Euler: Right.

Hon. Mr. Hayden: On page 11 will be found a restatement of the law to the effect that the underwriting profits of mutual insurance companies other than life insurance companies, and the investment income of those companies, are declared to be subject to tax. In respect of resident corporations, that is Canadian companies, that declaration in its entirety is made applicable to the year 1954; with respect to non-resident corporations it is made applicable to the year 1953. To that extent there is retroactivity, and a discrimination against non-resident and in favour of resident corporations.

There is an additional provision that, in respect of non-resident corporations, in the computation of taxable income for the years 1947 to 1952, the yardstick shall be underwriting profit, investment income, and the application of all the rules that have been established for the determination of that income; whereas for resident corporations it is provided that, for the same period, in the computation of their income, the only taxable income is the investment income.

So much for the statement of the law comprised in this section. Let us now see how that works out. It means that so far as resident insurance corporations other than life are concerned the law now declares that in the period 1947 to 1952 their taxable income is their investment income only. If any of the assessments are so recent that companies can qualify under the provisions of the Income Tax Act for a refund—which means that application must be made within a year after the notice of assessment or payment of tax—to the extent that they are able to qualify for refund the resident companies would be able to apply and obtain refund for any profits in respect of underwriting from 1947 to 1953, but in 1954 they come under the general declaration of the law.

Non-resident companies have no right of refund at all, because any benefit which might have accrued from the decision in the Stanley case, in respect of years prior to 1953, is removed by the general declaration of the law that they are taxable on their underwriting profits and on their investment income, and the computation of the tax from 1947 to 1952 is made upon that basis. This declaration of the law applies to the year 1953, so there is no gap within which the right to claim a refund might exist. Whether that decision is good or bad, it is a matter of policy determined by the government, and the only comment on it that I have to make at this time is simply that there is discrimination in that treatment of one class as against

the other. I judge from the remarks of the honourable member for Waterloo (Hon. Mr. Euler) that his opinion is that the discrimination is in favour of the non-residents. To me it appears to be a discrimination against non-resident companies.

Hon. Mr. Euler: May I ask my friend what is the reason for making any distinction between the treatment of a resident company and a foreign company? Why should not both pay on their investment income? Then, if they have a fair charge to make in respect of head office expenses and that sort of thing, they could deduct it. I suggest that that is logical.

Hon. Mr. Hayden: That is a matter of policy. The rule, as a rule of practice, was established by the department in 1946 or 1947, and has been followed since, and I am not the person to take the position either that the rule is good and should be adhered to, or that it is bad and should be discontinued.

Hon. Mr. Euler: It was established about thirty years ago.

Hon. Mr. Haig: Part of this section seems to me to be retroactive by reason of the Stanley case.

Hon. Mr. Hayden: Yes, in this sense. Remember that these mutual companies were made subject to our taxation law in 1946—

Hon. Mr. Haig: Correct.

Hon. Mr. Hayden: —for 1947 on. They have made their returns and paid their taxes and for quite a number of these years, even with the benefit of the retroactive feature in the case of resident corporations, very little can be recaptured. It depends upon how long ago their returns have been assessed, or how long ago they made their payments. These changes do not override the refunding provisions in the act, but there is a difference in the retroactive effect. The retroactive effect in relation to non-resident companies includes underwriting as well as investment income. The retroactive effect in respect to resident corporations is in relation only to the investment income.

Hon. Mr. Haig: Suppose a company paid its 1947 tax in 1947, and applied early in 1948, it would not, under this legislation, have any right to the refund of the money? A year has gone by.

Hon. Mr. Hayden: Because the overriding provision of the refund section shuts them out.

Section 16 deals with non-resident-owned investment corporations. Whereas, under the present law, a company could not qualify as an "n.r.o." company if its principal business was the making of loans, the clause is now "spelled out" by stating that the principal business is not "the making of loans, or trading or dealing in mortgages", etc.

Section 17 deals with an employer's contribution to a trust. It has to do with what are known as employees profit-sharing plans. At present, under employees profit-sharing plans, an emloyer who contributes money in any year to the plan gets an exemption from taxation in respect of the money he contributes, the trustee allocates the shares to the employees concerned, and these employees pay the tax in the year in which they get the benefit. But there was an odd little kink in the wording of the section: the payments had to be computed by reference to the profits. This caused a great deal of trouble. Many of these agreements simply provided that the company agreed to pay 2 per cent of its own profits to the fund. According to one interpretation, that is not an amount of money computed by reference to profits. In order to avoid the distinctions that have to be made in the interpretation of plans, the expression "computed by reference to his profits from his business" have been incorporated in the new subsection. This new subsection authorizes an arrangement whereby payments by an employer to a trustee "out of profits" may be deemed to be an employees profit sharing plan if the employer so elects.

Section 18 of the bill amends section 81 of the act by adding a subsection (8). Section 81 of the act deals with undistributed income on hand. When a company has a paid-up capital and an undistributed income or earned surplus, and it issues additional shares or changes the par value of those shares without increasing its own assets, then, under those circumstances, it is provided that the company is presumed to have capitalized its undistributed income. To that extent, the shareholders who received additional shares would be taxable on a deemed-to-have-been-paid dividend basis. In other words, if a company increased its paid-up capital at a time when it had undistributed income on hand, and it did so other than by declaring a stock dividend or by issuing shares and receiving consideration for them, then it would be deemed to have capitalized the undistributed income.

Section 19 of the bill amends section 82 of the act, which also deals with undistributed income on hand. Subsections (1) and (2) of section 19 merely involve technical amendments that are required in order to correct misprints made in last year's amending act.

The next amendment with which I wish to deal is rather complicated, but I shall endeavour to explain it as clearly as possible. I refer to subsection (3) of section 19 of the bill, which amends subsection (3) of section 82 of the act. This subsection in the act sets out how a company computes undistributed income, and the amendment specifically applies to oil, gas and mining companies. During the period from 1943 to 1947 exploration expenses were not allowable as deductible items to these companies when computing their income. However, depletion allowances were calculated on gross income and, by not deducting exploration expenses, the companies had larger amounts on which to calculate their depletion allowances. Instead of being allowed to deduct exploration expenses the companies were given a tax credit equal to certain percentages of their exploration expenses. But when you peruse that section of the Income Tax Act which provides for determining undistributed income on hand at any time, you discover that a company is entitled to take into its computation for income any expense or deduction not otherwise allowable. Therefore, if a gas, oil or mining company in determining its undistributed income on hand is going to accept the depletion allowance benefit by reason of the laws that existed between the years 1943 and 1947, it cannot also accept the benefit that would result from deducting exploration expenses for purposes of section 82. The amendment under discussion makes it clear that the company cannot enjoy a double benefit in this regard. Honourable senators will puzzle a long time over the formula that is laid out here. I give no assurance that it works or produces a fair result, but the officials have claimed that it has been tested, is workable and does produce a fair result.

Subsection (4) of section 19 of the bill, on page 13, introduces a new subsection (12) to the act. It commences with these words:

Subsection (12) of section 82 of the Income Tax Act is repealed and the following substituted therefor:

And subsection (12) deals with tax-paid undistributed income deemed to have been received. I believe that in 1953 parliament added subsection (12) to the act so as to provide that tax-paid undistributed income in the hands of one corporation could become tax-paid undistributed income in the hands of other corporations owning shares of the first corporation. Now, the amendment before the house repeals subsection (12) of section 82 of the act and substitutes a new subsection (12) in the same language but with the additional provision of a starting date of June 30, 1950. In effect, the amendment will permit companies transferring dividends after the date of June 30, 1950, to enjoy the benefit of subsection (12) of section 82 of the act.

Subsection (5) of section 19 of the bill, which appears at the bottom of page 13 and the top of page 14, simply provides that the amendment as contained in subsection (4) of section 19 of the bill covers the years 1950 to 1952 inclusive.

Subsection (6) of section 19 of the bill amends section 82 of the act by introducing new subsections to deal with control acquired of inactive businesses. In the past some people have gone out and acquired controlling shares of an inoperative company whose surplus account showed a deficit. Then they would reactivate the company and be able to take advantage of this deficit when the company started earning taxable income. At this point I want to state—and I think my phraseology is well chosen—that hereafter such a resurrection will be without reward.

Hon. Senators: Oh, oh.

Hon. Mr. Hayden: In the future when a person acquires controlling interest in an inactive company and then proceeds to reactivate it, for purposes of determining undistributed income he must start from the date on which he reactivated the company. and he will not be able to take into account the deficit the company had accumulated prior to the time when it had become inactive.

Hon. Mr. Aseltine: A person would be foolish to get control of such a company.

Hon. Mr. Hayden: Yes, I would think so, from now on.

Section 20 deals with the prospector of claims who forms a company and sells shares. The only addition is of the words "while or", and the effect is that if a person carries on a campaign to sell shares of the company to the public and sells them while the campaign is on, or afterwards, he has an income tax problem on his hands.

Subsection (2) of section 20 deals with the exemption of income that mining companies enjoy for the first three years of production. The act at present provides that any company coming into production up to and during the calendar year 1956 is entitled to three years' exemption. The amendment extends the year from 1956 to 1957.

Section 21 deals with stock options for employees. The only amendment I should call attention to is the provision that if an employee was a member of a corporation's stock option plan and left the corporation's employ before taking out all the benefits that

he had accumulated in the plan, he would still be considered as entitled to the benefits conferred upon him by the plan.

Section 22 (1) provides that special reserves may be set up in respect of advance payments that have been received. This is an extension of the privilege under section 85B of the act. The new subsection permits reserves in respect of rents or similar payments for chattels other than a ship, if they have been paid in advance for a period of more than two years. For instance, some time ago distributors of propane gas, who use expensive equipment, were able to finance their operations by getting prepayments from customers, with whom they made contracts for five years. This new subsection provides for the setting up of special reserves in such cases.

Hon. Mr. Isnor: Would a sprinkler system installed be included under the "chattels" mentioned in the new subsection?

Hon. Mr. Hayden: It would have to be decided first whether the installation was part of the freehold of the taxpayer in whole or in part.

Hon. Mr. Isnor: Would its cost be projected over a period of years?

Hon. Mr. Hayden: I am not in a position to express an opinion on that at the moment.

Section 22 is not of sufficient importance to require discussion, so I will pass on. Section 23 deals with an immigrant or a person who resumes residence in Canada and has several children who are eligible for family allowance payments. If the allowance is accepted for, say, two months of the year the taxpayer would get an exemption of only $150 per child, instead of $400. The amendment gives the taxpayer an option: he may elect to repay the allowance received, and thus qualify for the $400 exemption per child, or keep the allowance and take an exemption of $150.

Hon. Mr. Reid: Will he be granted $400 exemption if he receives the family allowance for only two months?

Hon. Mr. Hayden: Oh, yes—provided he repays the amount of the allowances received.

Section 24 deals with the position of a man who is selling out his business and may have a reserve for accounts receivable. The question to be resolved is how to allocate the reserve. The new section deals with the procedure to be followed as between the vendor and the purchaser.

Section 25 would amend paragraph (i) of section 105 (2). As honourable senators know, under the present act a company can elect to pay 15 per cent on that part of its surplus accumulated after 1949 which is equal to the aggregate of cash dividends declared. The purpose of the amendment is to enlarge the effect of section 105 so that taxable stock dividends can be included in computing the aggregate of dividends.

Section 26 amends section 105A (1) of the present act, which deals with the redemption of preferred shares at a premium. Heretofore, the premium was taxable income but an amendment made last year provided that if a company redeemed shares at a premium, the tax could be deducted from its undistributed income on hand, or the company could pay a tax of 20 per cent on the premium, and then the shareholder received the premium free of tax. Apparently, there must have been a rash of these redemptions, and probably some of the redemptions yielded substantial premiums, perhaps as high as 20 per cent. If so, that would be very profitable for someone who happened to be in a 70 per cent tax bracket. The amendment provides that if the premium on the redemption is more than 10 per cent the company shall pay a tax of 30 per cent instead of 20 per cent.

Section 27 is not too important, but I should like to draw attention to subsection (2) which provides that there must be a withholding of tax in respect of rent paid to a non-resident for television film that comes into Canada. Heretofore the law has applied in the same fashion to motion picture films.

I shall next direct your attention to section 28, which would amend section 108 of the act, dealing with non-resident owned investment corporations, and the circumstances under which the redemption or repayment of debentures or bonds might be regarded as a dividend payment. I think the section can be understood from a reading of it.

Section 29 deals with loans to wholly-owned subsidiaries and is quite easily understood. However, I can summarize it briefly. A United States parent company which has a subsidiary in Canada may borrow money and lend it to the Canadian subsidiary. In those circumstances if the original lender and the parent company get together and agree that the borrowing is for the Canadian subsidiary, the subsidiary does not have to withhold the tax.

I shall pass over the next few sections, which are not of great importance, and come to section 31, which has to do with the expression "arm's length". Time does not permit me to make a full explanation of this section; therefore, I suggest that honourable senators read section 139 (5) of the Income Tax Act, where it is stated in general terms what is regarded to be dealing at arm's length. As I say, it is a general statement of the law and is open to very wide application. When you read the amendments contained in section 31 of the bill, you will be inclined to say that

they extend tremendously the law in relation to arm's length. However, the main difference is that whereas by section 139 (5) of the act you have a general statement of the law, by section 31 of the bill there is set out the particular application of "arm's length". I have in my hand a sheet containing a list of cases which could be applied to paragraphs (b) and (c) of the new subsection (5a) of section 139 of the act, dealing with different types of transactions which are not at arm's length. With the permission of the house, I will place this information on *Hansard:*

(5a) (b) One corporation and individuals:

(i) Corporation and the controlling shareholder.

(ii) Suppose there were 100 shares of the corporation owned by:

the father	40 shares
his son	30 shares
total	70 shares

(iii) The father's wife or the son's wife.

(5a) (c). Two corporations:

(i) Shares held as follows:

	Corp. A	Corp. B
	%	%
Mr. Brown	40	20
Mr. Gray	20	40
Total	60	60

(ii) Husband controls one corporation; wife controls the other.

(iii) One corporation is controlled by the father; the second is controlled by his son and his son's wife and father-in-law.

(iv) One man controls one corporation; his father and father-in-law together control the other corporation.

(v) One corporation is controlled by two brothers; the other is controlled by their father and father-in-law of one of the brothers.

(vi) Two men who are not related control one corporation; their wives control the other.

I shall now direct the attention of the house to the last provision of the bill, having to do with write-offs. In the case of exploration and drilling by oil companies and mines it extends the special deduction privilege from 1956 to and including 1957, and with respect to deep-test wells, from 1954 to 1955. In the case of deep-test wells the application is more restricted than in the past, in that to qualify for the allowance the well must not only be a deep well and a test well, but the geological structure encountered must be complicated; otherwise, one is not entitled to an allowance.

Honourable senators, those are the amendments to which I wish to call your attention. I hope I have not made them sound complicated. Had time permitted, I might have been able to do justice to them; at any rate, I have given a starting point for their consideration.

Hon. Senators: Hear, hear.

On motion of Hon. Mr. Haig, the debate was adjourned.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. T. A. Crerar moved the second reading of Bill 469, an Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1954, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Honourable senators, it might be useful if I made a few general observations before coming to the subject matter which the bill covers.

The house will recall that two years ago parliament passed the Canadian National Railways Capital Revision Act, which was a measure to revamp the capital structure of the National Railways. Provision was made at that time that any new capital expenditures the Canadian National management thought necessary and advisable, would require their bringing before parliament the necessary legislation to secure the appropriations. Since that time we have had measures providing for additional capital outlay by the railway management.

I may say in passing—because in a sense it is germane to what this bill proposes—that the Canadian National Railways' mileage on what is called main line railways is 24,368 miles; in addition there are secondary lines, concerning the character of which I am not quite clear, also railway sidings, railway yards and so forth, which bring the total mileage in excess of 33,000 miles. Part of the moneys asked for in this bill relate to that mileage. Honourable senators will observe, set out in paragraph (a) of subsection (1) of section 3 part of the additional moneys requested. This has to do with additions and betterments, excluding new equipment. That is, obligations incurred prior to 1954 that become due and payable in 1954, amounting to 31 million odd; and obligations incurred in 1954 that become due and payable in 1954, of 13 million, or a total of $44·7 million. At this point I should make it clear that the same practice is followed in regard to these expenditures, in the voting of these moneys, as is followed in the voting of supply for different departments of government; that is, if for any reason they are unable to expend the money voted within the year, that vote lapses and must be included in the appropriation asked for in the following year.

These additions and betterments are in a measure necessitated by a change-over in the methods of operation of the railway. I think

it is generally known that both major railways in Canada are adopting operating practices used in the United States in the matter of changing from steam locomotion to diesel locomotion. Diesel locomotives, so I am advised, are more expensive than are steam locomotives but their cost of operation is cheaper and they have this additional advantage that their tractive power is substantially greater than the tractive power of steam locomotives, and as a consequence, diesel power can handle heavier and longer freight and passenger trains. However, the handling of longer trains necessitates changes in the layout of railway yards and in the length of sidings. A substantial part of this proposed expenditure for additions and betterments is required for these purposes.

There is also an item in this bill which may be the cause of some comment during the discussion. It is an item of $5 million, included in this amount, for a new Canadian National Railways hotel in Montreal.

Hon. Mr. Haig: Where is that $5 million shown here?

Hon. Mr. Crerar: It is included in this item of $31,473,730.

Hon. Mr. Reid: Are you sure it is going to cost only $5 million? It is going to be more like $20 million, in my opinion.

Hon. Mr. Crerar: In connection with this proposed hotel, and since some question has been raised about it, I might give this additional information to honourable senators. The railway company, as honourable senators know, operates a substantial number of hotels, twelve in all if you include their summer resort hotels such as Jasper Park, Minaki and Pictou Lodges. Included in that number are nine hotels which are open the year round, and I am sure honourable senators are familiar with every one of them. Similarly, the Canadian Pacific Railway owns a large number of hotels. In addition to the hotels owned and operated by the Canadian National Railways, there is the Hotel Vancouver at Vancouver, British Columbia, which is operated jointly by the Canadian National Railways and the Canadian Pacific Railway. So we can see that the Canadian National Railways in building a hotel in Montreal is not doing anything new in the line of their operations. It may be asked, where is the justification for building a hotel in Montreal?

Hon. Mr. Horner: Would the honourable senator tell us what the profit was on the various hotels operated by the Canadian National Railways in the last year.

Hon. Mr. Crerar: Yes. I am not very familiar with giving these explanations, but I think I can satisfy my honourable friend because the information given to me is fairly voluminous. But before I deal with that may I give the house this information? This is a comparison of the hotel accommodation in various cities in Canada: Montreal has 308 rooms under the heading of first class hotel accommodation per 100,000 population; on the same base Toronto has 470 rooms, Winnipeg 660, and Vancouver 1,250. On that basis it would seem that there would be quite a reasonable prospect that a new hotel would be profitable in Montreal.

Now I come to the question asked by the honourable senator from Blaine Lake (Hon. Mr. Horner). I have a statement here which shows the net profit of the Canadian National Railways hotel system for each year as far back as 1940. The profit for the year 1940, after operating expenses and the payment of taxes and insurance, amounted to $502,000. It varies from year to year. In 1947, which is the high year, the profit is shown at $1,290,000. That is over the whole hotel system.

Hon. Mr. Horner: Is interest on capital invested included in their expenses for those years?

Hon. Mr. Crerar: I think I can give my honourable friend some information on that point. I have the figures here somewhere.

Hon. Mr. Euler: Perhaps they are so small you will not be able to find them.

Hon. Mr. Crerar: The return on investment shown by the Canadian National Railways in 1953 on its hotel system after the expenses mentioned a moment ago were deducted was 3½ per cent. In 1952, the corresponding figure was 3·37 per cent. That is the data that has been supplied to me.

I have already dealt with the items totalling $44,700,000.

The next item, on page 2, is the expenditure on branch line construction, being the amount required to complete the branch line of railway from Terrace to Kitimat, to serve the new aluminum plant at Kitimat. The amount to be provided for this item is $6,200,000. This is an estimate. The amount spent on the line to date is slightly in excess of $5 million and, with the expenditure of this $6,200,000, all of the major work will have been paid for. As I recall, when the bill authorizing the construction of that branch line was before us, the cost was estimated at something like $13 million or $14 million.

The next item for which the Canadian National Railways wants authority to spend,

is for new equipment; and here, you will note they are asking $107,700,000 to pay for obligations incurred prior to 1954 that become due and payable in 1954. This equipment is represented largely by new diesel locomotives. In addition there are substantial numbers of switching diesel locomotives, railway cars of one kind and another, passenger cars, sleeping cars, some dining cars and also general equipment required by the railway. Then, obligations incurred in 1954 which become due and payable in 1954; that is, in respect of orders which have been placed say at the beginning of the year, and for which payments have to be made before the end of the year, amount to $39,000,000. That makes a total under the new equipment item of $147 million.

Hon. Mr. Isnor: The honourable senator said he would speak about the diesel engines. Where are they going to operate?

Hon. Mr. Crerar: The purpose is that ultimately diesel locomotives shall be operated over the whole system. I recall a high official of the Canadian National Railways, speaking before a committee about a year ago, stated that it was not intended to build any more steam locomotives, but they would have to let the exising locomotive power run out. This equipment is depreciated so much a year, but when it is used up, according to my information, only diesel locomotives will be used.

Hon. Mr. Isnor: My question is, where they are going to use the new equipment, particularly diesel engines?

Hon. Mr. Crerar: They are using them all over the system. If you were in Montreal tonight you would see that diesels are being used for switching purposes. They are used for the same purpose in Winnipeg. Some trains are being hauled by diesel locomotives.

Mr. Isnor: Where?

Hon. Mr. Crerar: They are in operation through the mountains, and I believe all equipment in Newfoundland is now diesel-powered. I have not the slightest doubt that it will not be many years before diesels are down in my honourable friend's bailiwick.

I come now to the questions of the acquisition of securities. There are certain joint ventures of the Canadian Pacific and the Canadian National Railways. For instance, the Toronto Terminals Company is jointly owned; and the Alberta Northern Railways are jointly operated. When such enterprises require additional capital they make their requests to the Canadian National Railway and the Canadian Pacific Railway, issue their securities, and these securities are taken up by the two railroads. The amount of $11,236,000 in the bill is the sum which the Canadian National Railways will need for this purpose. I might add one further explanation. All the stock of Trans-Canada Air Lines is held by the Canadian National Railways System. In the amount shown here, details of which will be given in full when the company's officers come before the committee—presumably this bill will be sent to committee—is an item of $10 million which is required for Trans-Canada Air Lines. Since that corporation is wholly owned by Canadian National Railways, the capital expenditure it requires has to be submitted to parliament through the Canadian National Railways.

One other item to which I will briefly refer is that of capital expenditures, amounting to $45 million, which sum is required to make payments not exceeding that amount for the year 1955, prior to July 1st of that year, in discharge of obligations incurred for new equipment and betterments which became due and payable before that date.

This covers the main purposes of the bill. It is a type of legislation which comes before parliament annually and will continue to do so, because of the fact that the Canadian National Railways, by what I regard as a wise provision, are unable to make one dollar of capital expenditure, for which they must get funds from parliament, until the details of that expenditure are placed before parliament. It will be recalled that under the Canadian National Railways Capital Revision Act the government, in the revamping of the capital structure of the railways, took a large block—

Hon. Mr. Haig: Over a billion dollars.

Hon. Mr. Crerar:—of 4 per cent preference stock, upon which interest was to be paid only if the railway earned it in the current year: the liability was not, as it had been before, cumulative. Whatever profits the Canadian National Railways made last year —I think they were low, amounting to about a quarter of a million dollars—are applied by way of interest on this 4 per cent preference stock. One consequence is that each year they must come back to parliament to obtain the capital required for expansion for the purpose which in a general way, I have indicated to the house as being required this year.

Hon. Mr. Haig: Is there in this bill any provision to take care of a possible deficit on the operations of the railway this year?

Hon. Mr. Crerar: No.

Hon. Mr. Euler: That would be taken care of next year.

Hon. Mr. Haig: Oh, no. It must be provided this year.

Hon. Mr. Crerar: Whether or not there will be a deficit this year is "in the lap of the gods". Should there be a deficit, the Canadian National Railways, through the government, must come to parliament to find some way of meeting it. I presume there are several ways they could deal with it, but I am not going to anticipate what method they might adopt. However, until the deficit arises they will not bring forward their proposals for dealing with it.

Hon. Mr. Horner: The honourable gentleman referred to a dieselization program. Will such a program effect any saving in the matter of crews? I am thinking of firemen, for instance. Will firemen still have to be carried on the locomotives?

Hon. Mr. Crerar: I cannot say as to that. I understand that the railways expect to effect considerable economies. First of all, they will haul longer trains with the same manpower. The struggle of the railways has gone on continuously for years against mounting costs. They have had to meet rising costs in the matter of wage increases and increases in the cost of materials. In order to try and meet these costs they have increased the weight and length of their trains. Diesel locomotives will enable the railroads to operate even larger trains with the same crews. To take advantage of that they must readjust all their facilities. I would not attempt for a moment to give any estimate of what the economy might be in that respect, but I am quite certain that if my honourable friend is in committee on Tuesday next, when I understand this bill is to be dealt with, the railway officials can give him the answer.

Hon. Mr. Horner: In view of the fact that it is expected to give the Royal Assent to certain bills within a matter of minutes, I move the adjournment of the debate.

On motion of Hon. Mr. Horner, the debate was adjourned.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act for the relief of Rita Boucher Dufort.

An Act for the relief of Lucy Halga Saunders Gibson.

An Act for the relief of Antonie Lutz Jedrzejewski.

An Act for the relief of Jessie Clarke Thompson.

An Act for the relief of Dorothy Coughtry Paquette.

An Act for the relief of Isabel Ruth Smith Newey.

An Act for the relief of Eugene Clifford Carbonneau.

An Act for the relief of Jean Antoine Francois Armand.

An Act for the relief of Maria Clara Anita Cauchon Quirion.

An Act for the relief of Elsie Elizabeth Belford Grant.

An Act for the relief of Jean Monette.

An Act for the relief of Pearl Mary Brown Pratt.

An Act for the relief of Annie Holman James.

An Act for the relief of Marie Paule Lemay Mondello.

An Act for the relief of Marilyn Lesley Simpson Lavallee.

An Act for the relief of Edith Lorraine McBurney Robinson.

An Act for the relief of Aline Gosselin du Berger.

An Act for the relief of Eileen Lucy Tollett Power-Williams.

An Act for the relief of William Pappas.

An Act for the relief of Claire Labelle Cousineau.

An Act for the relief of Denise Marie Helene Laporte Woodhouse.

An Act for the relief of Lois Helena Kearns Higham.

An Act for the relief of Dorothy Rita Wade Moulden.

An Act for the relief of Albert Thornton.

An Act for the relief of Koidula Laigma Hagel.

An Act for the relief of Yvette Lafontaine Tatos.

An Act for the relief of Freda Becker Blumenthal.

An Act for the relief of Monica Elizabeth Benoit Mullin.

An Act for the relief of Felix Andre Landry.

An Act for the relief of Marie-Claire Parisien Barbeau.

An Act for the relief of Marie Muriel Gladys Lena Soubre Dubour.

An Act for the relief of Joan Millicent Kemp Tessier.

An Act for the relief of Mary Joy Thomson Asselin.

An Act for the relief of Ronald Arthur Leslie.

An Act for the relief of Lucienne Saint-Laurent Calve.

An Act for the relief of Roberta Barbara Shvemar Feigelman.

An Act for the relief of Pearl Marie Neil Lane.

An Act for the relief of Marjorie May Price Amory.

An Act for the relief of Marie Jeannette Laure Lafreniere Lucas.

An Act for the relief of Frances Goldberg Glegg.

An Act for the relief of Thelma Nellie McKeage Patrick.

An Act for the relief of Madeleine Roy Julien.

An Act for the relief of Louis Tothe.

An Act for the relief of Nicolas Joseph Ladislas Barath.

An Act for the relief of Ferencz Gyula Babinszki.

An Act for the relief of Beatrice Alexandra Duff Sheppard.

An Act for the relief of Remi Charbonneau.

An Act for the relief of Kathleen Florence Pippy Hayward.

An Act for the relief of Fred Skiffington.

An Act to amend the Opium and Narcotic Drug Act.

An Act to amend the International Rapids Power Development Act.

An Act to amend the Canadian Citizenship Act.

An Act to amend the Research Council Act.

An Act to amend the Vocational Training Co-ordination Act.

An Act respecting inventions by public servants.

An Act to amend certain Acts respecting the superannuation of Government employees transferred to Crown corporations.

An Act to amend the Post Office Act.

An Act to amend the Excise Act.

An Act to amend the Navigable Waters Protection Act.

An Act to amend the War Service Grants Act.

An Act to amend the Royal Canadian Mounted Police Act.

An Act to amend the Bank of Canada Act.

An Act respecting savings banks in the province of Quebec.

The House of Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, June 15, at 3 p.m.

APPENDIX

(See page 584.)

The Standing Committee on Banking and Commerce, to whom was referred the Bill (7 from the House of Commons) intituled: "An Act respecting the Criminal Law", have in obedience to the order of reference of 11th May, 1954, examined the said bill and now beg leave to report the English version of the bill with the following amendments:

1. Page 10, lines 1 to 9: strike out clause 9 and substitute therefor the following:

"9. (1) Where a court, judge, justice, or magistrate summarily convicts a person for a contempt of court committed in the face of the court and imposes punishment in respect thereof, that person may appeal against the punishment imposed.

(2) Where a court or judge summarily convicts a person for a contempt of court not committed in the face of the court and punishment is imposed in respect thereof, that person may appeal

(a) from the conviction, or

(b) against the punishment imposed.

(3) An appeal under this section lies to the court of appeal of the province in which the proceedings take place, and, for the purposes of this section, the provisions of Part XVIII apply, mutatis mutandis."

2. Page 13, lines 8 to 14: strike out subclause (3) of clause 25 and substitute therefor the following:

"(3) Subject to subsection (4), a person is not justified for the purposes of subsection (1) in using force that is intended or is likely to cause death or grievous bodily harm unless he believes on reasonable and probable grounds that it is necessary for the purpose of preserving himself or any one under his protection from death or grievous bodily harm.

(4) A peace officer who is proceeding lawfully to arrest, with or without warrant, any person for an offence for which that person may be arrested without warrant, and every one lawfully assisting the peace officer, is justified, if the person to be arrested takes flight to avoid arrest, in using as much force as is necessary to prevent the escape by flight, unless the escape can be prevented by reasonable means in a less violent manner."

3. Page 24, line 42: after "do", insert the words "if he is satisfied that a riot is in progress,"

4. Page 57, lines 43 to 49: strike out subclause (6) and substitute therefor the following:

"(6) Nothing in this section or in section 431 authorizes the seizure, forfeiture or destruction of telephone, telegraph or other communication facilities or equipment that may be evidence of or that may have been used in the commission of an offence under section 176, 177, 179 or 182 and that is owned by a person engaged in providing telephone, telegraph or other communication service to the public or forming part of the telephone, telegraph or other communication service or system of such a person."

5. Page 61: immediately after line 38 insert the following as subclause (2) and re-number the subsequent subclauses accordingly:

"(2) Subsection (1) does not apply in respect of a race meeting conducted by an association mentioned in subparagraph (i) of paragraph (c) of that subsection in a province other than a province in which the association, before the 1st day of May, 1954, conducted a race meeting with pari-mutuel betting under the supervision of an officer appointed by the Minister of Agriculture."

6. Page 62, line 19: strike out "(2) and (3)" and substitute therefor "(3) and (4)".

7. Page 134, line 14: insert after "400." "(1)".

8. Page 134; immediately after line 22, insert the following as subclauses (2) and (3):—

"(2) Every one who publishes or prints anything in the likeness or appearance of

(a) all or part of a current bank note or current paper money, or

(b) all or part of any obligation or security of a government or a bank,

is guilty of an offence punishable on summary conviction.

(3) No person shall be convicted of an offence under subsection (2) where it is established that, in publishing or printing anything to which that subsection applies,

(a) no photography was used at any stage for the purpose of publishing or printing it, except in connection with processes necessarily involved in transferring a finished drawing or sketch to a printed surface,

(b) except for the word 'Canada', nothing having the appearance of a word, letter or numeral was a complete word, letter or numeral,

(c) no representation of a human face or figure was more than a general indication of features, without detail,

(d) no more than one colour was used, and

(e) nothing in the likeness or appearance of the back of a current bank note or current paper money was published or printed in any form."

9. Page 238, lines 10 to 18: strike out clause 690 and substitute therefor the following:—

"690. Nothing in this Act limits or affects any provision of the Supreme Court Act that relates to writs of *habeas corpus* arising out of criminal matters."

10. Page 238, lines 19 to 32: strike out clause 691 and substitute therefor the following:—

"691. (1) An appeal lies to the court of appeal from a decision granting or refusing the relief sought in proceedings by way of *mandamus, certiorari* or prohibition.

(2) The provisions of Part XVIII apply, *mutatis mutandis,* to appeals under this section."

Your committee beg leave to report the French version of the bill with the following amendments:

1. In the title: Delete "pénal", and substitute therefor "criminel".

2. Page 1, line 5: Number from (1) to (44), inclusively, the 44 definitions prescribed in clause 2, according to their French alphabetical order.

3. Page 7, line 19: Delete "tout", and substitute therefor "une débenture,".

4. Page 8, line 7: Delete "(32)", and substitute therefor "(7)".

5. Page 8, lines 15, 20 and 25: Delete "(42)", and substitute therefor "(41)".

6. Page 8, line 21: Delete "de l'immeuble", and substitute therefor "des biens-fonds".

7. Page 9, line 25: Delete "pénal", and substitute therefor "criminel".

8. Page 12, line 24: Delete "provoquée", and substitute therefor "incitée".

9. Page 37, line 33: Delete "pénal", and substitute therefor "criminel".

10. Page 96, line 15: Immediately after the word "billet", insert "une débenture".

11. Page 148, lines 1 and 2: Delete "prévoit expréssément le contraire", and substitute therefor "y pourvoit expressément de façon différente".

12. Page 148, lines 26 and 27: Delete "prévoit expressément le contraire", and substitute therefor "y pourvoit expressément de façon différente".

13. Page 149, lines 1 and 2: Delete "prévoit expressément le contraire", and substitute therefor "y pourvoit expressément de façon différente".

14. Page 153, lines 10 and 11: Delete "prévoit expressément le contraire", and substitute therefor "y pourvoit expressément de façon différente".

15. Page 156, line 2: Delete "pénale", and substitute therefor "criminelle".

16. Page 231, lines 45 to 48: Delete clause 624 (1), and substitute therefor:

"624.(1) Une sentence commence au moment où elle est imposée, sauf lorsqu'une disposition applicable y pourvoit de façon différente ou que la cour en ordonne autrement".

17. Page 236, line 17: Delete "Sauf dispositions contraires", and substitute therefor "Sauf lorsqu'il y est autrement pourvu".

18. Page 236, line 44: Delete "sauf dispositions contraires", and substitute therefor "sauf lorsqu'il y est autrement pourvu".

19. Page 259, line 1, Delete "Sauf si la loi prévoit le contraire", and substitute therefor "Sauf si la loi y pourvoit différemment".

20. Page 268, line 34: Delete "contraires", and substitute therefor "différentes".

21. Page 270, line 19: Delete "consentent au contraire", and substitute therefor "en conviennent autrement".

22. Page 275, lines 40 and 41: Delete "décision contestée", and substitute therefor "date à laquelle a été rendue la décision mise en question".

23. Page 283, lines 4 and 17: Delete "pénal", and substitute therefor "criminel".

24. Page 296, Form 14: Last line of the last paragraph: Delete "contraire" and substitute therefor "différent".

25. Page 299, Form 17: Last line of the last paragraph: Delete "qu'on l'en sorte", and substitute therefor "qu'il soit livré en d'autres mains".

26. Page 302, Form 20: Second last line of the last paragraph: Delete "qu'on l'en sorte", and substitute therefor "qu'il soit libéré".

THE SENATE

Tuesday, June 15, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

PUBLIC SERVICE SUPERANNUATION BILL

FIRST READING

A message was received from the House of Commons with Bill 463, an Act to amend the Public Service Superannuation Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

PIPE LINES BILL

FIRST READING

A message was received from the House of Commons with Bill 477, an Act to amend the Pipe Lines Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

MOTOR VEHICLE TRANSPORT BILL

FIRST READING

A message was received from the House of Commons with Bill 474, an Act respecting extra-provincial motor vehicle transport.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

NATIONAL PHYSICAL FITNESS BILL

FIRST READING

A message was received from the House of Commons with Bill 475, an Act to repeal the National Physical Fitness Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

DIPLOMATIC IMMUNITIES (COMMONWEALTH COUNTRIES) BILL

REPORT OF COMMITTEE

Hon. Mr. Gouin (Chairman of the Standing Committee on External Relations) presented the report of the committee on Bill 373.

The report was read by the Clerk Assistant as follows:

The Standing Committee on External Relations, to whom was referred the Bill (373 from the House of Commons) intituled: "An Act to provide Diplomatic and Consular Immunities for Commonwealth Representatives in Canada", have in obedience to the order of reference of June 9, 1954, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Reid: Next sitting.

Hon. Mr. Gouin: I move the third reading now.

The Hon. the Speaker: Honourable senators, it is moved by the honourable Senator Gouin, seconded by the honourable Senator Macdonald, that this bill be now read a third time. Is it your pleasure to concur in the motion?

Hon. Mr. Reid: No. I said "Next sitting" a moment or two ago, but I do not suppose that I was heard. This bill should be stood over, because I want to have a word or two to say on it. Of course, if you want to shove everything through—

Hon. Mr. Macdonald: I understood the honourable gentleman from New Westminster (Hon. Mr. Reid) to say "Next sitting", but there was before the house a motion by the honourable senator from De Salaberry (Hon. Mr. Gouin) for third reading. As far as I am concerned, it is immaterial whether the bill is given the third reading at the next sitting or now. Would it be convenient to the honourable gentleman to make his speech on the third reading now?

Hon. Mr. Reid: I will say the few words I have to say now, but I do not see what the rush is all about. I do not see why I should be looked at askance because I said "Next sitting". We are not going to quit here till the next couple of weeks, and there is no life-and-death urgency about this matter at all.

The Hon. the Speaker: After I put the motion for third reading I paused and did not hear anyone object.

Hon. Mr. Euler: As a matter of fact, I distinctly heard the senator from New Westminster say "Next sitting", but his words may not have been audible to His Honour the Speaker.

Hon. Mr. Macdonald: I also heard the words; but, as my honourable friend suggests, probably they would not reach His Honour the Speaker, as he is farther away. I think it would be agreeable to the house if the honourable senator spoke now, if he is ready to proceed.

Hon. Mr. Roebuck: Why not tomorrow?

Hon. Mr. Macdonald: Or tomorrow, as far as I am concerned.

Hon. Mr. Reid: It is my intention to say only a few words in connection with this bill. In the committee we received all the explanations that we needed with regard to the diplomatic corps and their immunities, but I think this house would do well some time to go fully into the immunities which we are giving to diplomats, both from foreign countries and the commonwealth. I am satisfied that Canadian diplomats in other countries—and I am thinking particularly of Russia—do not receive the same rights as we give representatives of foreign countries here. We should not make any concessions beyond those accorded to our diplomats abroad. That is the point I wanted to raise on the third reading; and, having done so, I am prepared to allow the bill to pass.

Hon. Norman P. Lambert: Honourable senators, with reference to the request of the honourable senator for New Westminster (Hon. Mr. Reid) that the third reading stand until next sitting, it will be recalled that last week we adopted a motion to suspend the rules of the house requiring certain periods of notice for motions for the second and third readings of public bills, so the motion to give this bill third reading today was quite in order. As far as I am concerned, there is no reason why the bill should not be held over pending a discussion, not merely of the point regarding immunities, which after all is a detail, but of the whole question of Canada's participation in external affairs. The nature of that participation is related to the extent to which our external relations have developed since the end of the war. If Canadian embassies are to be established in every country, even to the point of supplanting the establishments which have hitherto functioned as legations, it seems to me that we must provide the paraphernalia which accompanies that kind of set-up. The question of diplomatic immunities is one of reciprocity—whether or not you are going to do to the other fellow what he does to you.

To my way of thinking, the matter which was raised and discussed in committee this morning opens up the whole question of our position as a nation having diplomatic relations with other countries; and it is a case of the tail going with the hide. If we are to have these diplomatic relations, let us observe all the practices and details which in the form of conventions have been recognized for a very long time, even before Canada emerged from colonialism to nationhood. If there was any purpose in having this bill made the occasion for a discussion of that kind I would agree to it, but I am afraid it is a little late in the session to do so now.

Hon. Thomas Vien: Honourable senators, I do not believe the question raised by the honourable gentleman from New Westminster (Hon. Mr. Reid) arises from this bill. The question of diplomatic immunities and privileges has been settled under legal provisions which are not before us at this moment.

The purpose of this bill is simply to extend diplomatic immunities and privileges to representatives of commonwealth countries. If, in harmony with the rest of the civilized world, we continue granting these concessions to representatives of foreign countries, how can we refuse to extend them to the very distinguished persons who represent other dominions here with honour to Canada as well as to their own respective countries?

Hon. John T. Haig: Honourable senators, I rise on a point of order. Are we debating the right to debate or are we arguing about something we have no right to argue about at this time?

Hon. Mr. Howard: Question!

Hon. Mr. Haig: I think there is a point of order here. No honourable senator has the right to make a speech at this time, as I understand it, for the honourable gentleman from New Westminster (Hon. Mr. Reid) asked that the debate be adjourned. I heard him do so, although I realize that perhaps he did not speak loudly enough to be heard by His Honour the Speaker. His request may be granted or turned down, but I do not see how this debate can be carried on now. At the proper time I should like to take part in it myself.

Hon. Mr. Roebuck: You may adjourn the debate now.

Hon. Mr. Haig: No; the honourable senator from New Westminster has already done so.

Hon. Mr. Macdonald: May I make a comment? As I understand what happened, His Honour the Speaker asked when the bill should be read the third time. The honourable senator from New Westminster said "Next sitting", but there was quite a lot of noise in the chamber at the time and evidently His Honour could not hear the remark. The honourable senator from De Salaberry (Hon. Mr. Gouin) moved that the bill be read the third time now. Therefore, the motion before the house at the present time is on the third reading of the bill, and it can be debated. The honourable gentleman from New Westminster has, in fact, spoken on that motion.

Hon. Mr. Haig: Did the honourable senator from New Westminster speak on the motion for third reading?

Hon. Mr. Reid: Yes.

Hon. Mr. Haig: I did not understand that.

Hon. Mr. Macdonald: The honourable senator from Ottawa (Hon. Mr. Lambert) has spoken on the same motion, and the honourable senator from De Lorimier (Hon. Mr. Vien) was doing so also.

Hon. Mr. Vien: Furthermore, under the Senate Rules, a motion to pass a bill is debatable, let alone a motion for third reading.

As the Leader of the Opposition (Hon. Mr. Haig) stated on his point of order, the honourable member from New Westminster (Hon. Mr. Reid) did object to the third reading of the bill today. However, afterwards he said what he had to say, and no longer objected to passage of this bill.

Hon. Mr. Haig: I did not understand that.

Hon. Mr. Vien: I think I have made my own point clear. The question before us is not the one which the honourable senator from New Westminster debated, but whether we should extend diplomatic immunities and privileges to commonwealth representatives in Canada. The question whether, generally, diplomatic immunities and privileges should be abolished, is not under consideration at this time.

Hon. Mr. Haig: Honourable senators, I must say that I differ from my honourable friend. This bill does raise the question of diplomatic immunities and privileges. The purpose of the bill is to extend to the High Commissioners from commonwealth countries all the privileges that foreign diplomats have. Therefore, the matter of diplomatic immunities is debatable. That is the very problem that is raised. We had it under discussion in committee this morning.

Hon. Mr. Vien: Yes, but the question of the existence of these immunities and privileges does not arise.

Hon. Mr. Haig: Yes, it does. The bill provides for extension of diplomatic privileges to commonwealth representatives here. Further, it gives the governor in council power to take these privileges away if it be deemed advisable.

There is one world power which uses its diplomatic services for the purpose of spreading propaganda and engaging in espionage. A recent case in Australia showed that there were five or six times as many people employed by the Russians in their embassy at Canberra as by the Australians at Moscow. There was a similar situation with respect to Canada in 1946, when we had the espionage trouble. That kind of thing does not do the world any good at all. If diplomatic privileges and immunities were not granted to members of the Russian embassy here they could not use them for espionage purposes. They did use them to hurt Canada rather than to help her, thereby injuring relations between this country and Russia, and the effect will be felt for many years, because Russia does not forget or forgive.

I should like to know what benefit Canada derives by granting these immunities, and why a diplomat needs them. I suppose the High Commissioner for the United Kingdom is the most notable diplomat here, and I should like to know what he and his staff do in Canada. I suppose they make representations to and have communication with the government of Great Britain, but actually our principal dealings with Great Britain are done by cabinet ministers of the two countries in conferences at London and Ottawa.

Privileges extended to diplomats enable them to put on parties and serve high-class wines at about one quarter what it would cost a Canadian citizen to do so. I ask: why do we extend such privileges, and what do we gain thereby? For the past ten or fifteen years I have been puzzled as to why we subscribe to such a practice. I quite agree that a representative of a foreign country who is trying to build up trade should be given certain privileges and immunities, but why should we go to the point of allowing diplomats to escape taxation on the goods they buy here? Some claim that right is extended to them under the common law.

I have always felt that people of a democratic country such as ours are not much given to negotiating through diplomats. We

prefer to carry on business through our ministers, who represent the government. In that respect, I will say without fear of contradiction that on his recent trip to the Far East our Prime Minister did more for Canada than all the diplomats we have had in the past ten years or will have in the next ten years.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: When the President of the United States visits Canada he comes not as a diplomat, but he spreads more diplomacy and is a better ambassador for his country than any of his diplomats; yet no particular immunities are extended to him.

If we are going to give diplomatic immunities and privileges, I would of course sooner see them go to the representatives of commonwealth countries than to anybody else. But if we do this for the commonwealth countries, we shall have to do it for Russia. The problem is that a country like Canada, with only 15 million people, should look to where its dollars are being spent, for it may not be as easy to get a dollar in the next ten years as it has been in the past. When we are spending perhaps millions on diplomatic services, let us not forget the unemployment that exists in Canada today. As a businessman, I cannot see any benefit coming from our expenditures on diplomatic services.

I am surprised that we are putting such emphasis on the granting of diplomatic immunities, for diplomats have nothing to do with the actual business between our countries. If Australia, for instance, wanted to negotiate some very important transaction with Canada, do you think she would do it through her diplomats? No; if the affair was of a major nature she would send one of her ministers here to meet with a minister of our government. For example, our Minister of Public Works is now carrying on negotiations with Italy, Spain and Portugal.

Hon. Mr. MacKinnon: But the work is done by our diplomatic officials in the foreign countries before the minister arrives there.

Hon. Mr. Haig: Maybe so; I hope you are right.

Hon. Mr. Hugessen: He knows.

Hon. Mr. Haig: I would remind the honourable senator from Edmonton (Hon. Mr. MacKinnon) that the government now has a man in Great Britain trying to sell our wheat. How is he getting along?

Hon. Mr. King: How would you expect him to get along?

Hon. Mr. Haig: I want to know what the diplomats are doing. We in western Canada are facing a most difficult situation: none of our 1953 wheat crop has been sold, and not all of our 1952 crop; the people who should buy from us, and who have an agreement to do so, are not buying. What are our ambassadors doing about that situation?

Hon. Senators: Order, order.

Hon. Mr. Vien: Mr. Speaker, while I hesitate to interrupt the honourable Leader of the Opposition (Hon. Mr. Haig), I feel I must rise on a point of order. Although the rules of this house are much more flexible than those of the House of Commons, we cannot allow the reasoning of the honourable gentleman to go unchallenged. The subject-matter he is now discussing is far removed from the question before the house. He is talking about wheat and the expediency of maintaining or restricting our existing diplomatic representation abroad. The bill before us is limited to the question of whether or not we should extend diplomatic privileges and immunities to the representatives of other dominions in Canada. I respectfully submit that the honourable leader's remarks exceed the scope of the debate on this bill and are therefore out of order.

Hon. Senators: Question.

Hon. Mr. Haig: I am discussing the matter of diplomatic services.

Hon. Mr. Vien: Mr. Speaker, the bill does not deal with the expediency of maintaining diplomatic services.

Hon. Mr. Haig: It does.

Hon. Mr. Vien: The bill proposes to extend diplomatic immunities to the representatives of commonwealth countries in Canada.

The Hon. the Speaker: Honourable senators, while the honourable gentleman from De Lorimier (Hon. Mr. Vien) may be technically correct on the point of order that he has raised, in this house there is usually a lack of opportunity to discuss bills in committee of the whole and so the practice has been to allow a greater latitude in debate on bills of this kind than perhaps would be permitted in the House of Commons. As the present occasion may be the only one on which the honourable Leader of the Opposition may have an opportunity to make his remarks, I would rule that he may proceed.

Hon. Mr. Vien: But Mr. Speaker, may he continue to discuss the sale of wheat?

The Hon. the Speaker: I am sure the honourable the leader will not intentionally violate the rules of the house.

Hon. Mr. Haig: Mr. Speaker, if I have overstepped my rights, I assure you it was not intentional.

I shall conclude by saying that as this bill would extend certain immunities and privileges to the High Commissioner for Great Britain, I feel that what I have said was proper to say.

Hon. Mr. King: The same privileges will be extended to the representatives of Australia, South Africa and the other dominions.

The motion was agreed to, and the bill was read the third time, and passed.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

COST OF PROPOSED HOTEL AT MONTREAL

On the Orders of the Day:

Hon. T. A. Crerar: Honourable senators, may I claim the attention of the house for a moment before the Orders of the Day are called? At the sitting last Thursday, while I was discussing the Canadian National Railways Financing and Guarantee Bill, the honourable senator from New Westminister (Hon. Mr. Reid) interjected a question which I overlooked replying to, and I would like to do so now before the debate is resumed. The honourable member's question had to do with the proposed hotel in Montreal to be constructed by the Canadian National Railways. I had explained to the house that in the bill there was an item of $5 million for this hotel and my honourable friend interjected this question:

> Are you sure it is going to cost only $5 million? It is going to be more like $20 million, in my opinion.

I apologize to him for omitting to deal with that question. Of course, the hotel will cost much more than $5 million. I believe the estimate is something like $20 million, but $5 million is being voted in the current year; and if this amount is not spent, the vote for the unspent portion will lapse and there will have to be a vote for that portion next year.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

739TH ANNIVERSARY OF SIGNING OF MAGNA CARTA

On the Orders of the Day:

Hon. Arthur W. Roebuck: Honourable senators, may I have the privilege of calling the attention of the house to the fact that this day, the 15th of June, is the 739th anniversary of the signing of Magna Carta by King John at Runnymede. King John had no intention of carrying out his promises, but that document signed 739 years ago today has formed the basis of British constitutional liberty through all the centuries since then. And apropos of that, may I also call attention to the fact that in 1950 this house adopted a report on Human Rights and Fundamental Freedoms expressing a principle very much akin to that of Magna Carta. In that report there was this paragraph which I would like to read now:

> Such a declaration of human rights adopted by the Canadian parliament would solemnly affirm the faith of all Canadians in the basic principles of freedom, and it would evidence a national concern for human rights and security. Judges would recognize the principles of such a declaration as part of Canada's public policy and subsequent parliaments would hesitate to enact legislation violating its revered principles. To adults it would convey a feeling of security, and children would memorize its terms with pride.

Honourable senators, I think it is well now and again to remind ourselves of these historic landmarks of freedom.

Hon. Senators: Hear, hear.

PROROGATION

INQUIRY

Hon. Mr. Reid: Honourable senators, I would like to ask the Leader of the Government (Hon. Mr. Macdonald) whether he has any information to give the house regarding further legislation to be brought down, and if there is anything to the report that a tentative agreement has been arrived at this morning as to the closing of parliament.

Hon. Mr. Macdonald: I have no information other than the information that appears on the Order paper of the House of Commons. With respect to that part of the question regarding a tentative agreement, I might say that I have no authority to enter into an agreement and, in fact, I am not a party to any agreement and I know nothing of such an agreement.

Hon. Mr. Reid: For the purpose of the record, honourable senators, I did not mean to say that the honourable Leader of the Government entered into any agreement on behalf of the Senate, but I understood that an agreement was entered into between the opposition parties and the government in the other house as to a tentative date for the closing of parliament.

Hon. Mr. Macdonald: The opposition parties in the other house have agreed as to when the other house will close, is that what I am to understand?

Hon. Mr. Reid: Yes.

Hon. Mr. Macdonald: I can assure the honourable senator that if I am given any information I will pass it along. They may have advised the honourable Leader of the Opposition (Hon. Mr. Haig).

Hon. Mr. Haig: No. I can assure you that I have no information. I can only speak to one party in the opposition group, and they have not said a word to me about it.

Hon. Mr. Macdonald: I would say, though, in all seriousness, that if I obtain any information from sources usually considered to be reliable, I shall advise the house as soon as possible.

BANK BILL

THIRD READING

Hon. Mr. Hayden moved the third reading of Bill 338, an Act respecting banks and banking.

The motion was agreed to, and the bill was read the third time, and passed.

CANADIAN NATIONAL RAILWAYS BILL

CONSTRUCTION OF LINES IN QUEBEC AND ONTARIO—THIRD READING

Hon. Paul H. Bouffard moved the third reading of Bill 442, an Act respecting the construction of lines of railway by Canadian National Railways Company from St. Felicien to Chibougamau and from Chibougamau to Beattyville, all in the province of Quebec, and from Hillsport on the main line of the Canadian National Railways to Manitouwadge Lake, both in the Province of Ontario.

Hon. W. M. Aseltine: Honourable senators, I wish to make a few remarks with regard to this bill before it receives third reading. I think I am quite in order in doing so, and believe that at any rate I am not in the same position as my honourable friend from New Westminster (Hon. Mr. Reid) was a few moments ago.

Hon. Mr. Reid: I hope not.

Hon. Mr. Aseltine: This bill provides for the granting of a charter to the Canadian National Railways to build three lines of railway: a short one in the province of Ontario, another one in the province of Quebec, from Beattyville to Chibougamau; and another in the same province, from St. Felicien to Chibougamau. The bill was very carefully explained in this house by the honourable senator from Grandville (Hon. Mr. Bouffard), and then it was sent to committee, and when we met there we had with us Mr. Fairweather, Vice-President of the Canadian National Railways. I was more or less delighted with the explanation given by Mr. Fairweather. He had provided for our information certain maps showing the locations of these lines, something that we were not able to fully understand when the honourable senator from Grandville (Hon. Mr. Bouffard) introduced the bill. Mr. Fairweather was very careful to show why the short line in Ontario was required, and I think we were all satisfied with his explanation.

Also we were satisfied that the line should be extended from Beattyville to Chibougamau. We were told that this line would tap the centre of a big mineral area, that the mineral concentrates could be taken from there to Noranda, and that contracts had already been made with certain timber and pulpwood interests which would be sufficient to provide the company with quite a large annual revenue; also that a railway is very much needed to open up that great territory.

However, I did take some exception to granting the company a charter to build a line from St. Felicien to Chibougamau, because, as Mr. Fairweather clearly stated, there is no traffic at present for such a line, there may never be any traffic for it, and the line may not be built at all. The cost would be $17 million. We are asked to give the company a charter now to build a line which may never be constructed. It is true that, before the line could be built, the company's representatives would have to come to parliament for the necessary funds, but why should not the charter be delayed until that time? Why grant the charter five, six, eight or ten years before it will be needed?

I thought I should bring to the attention of the house the facts with regard to this projected line between St. Felicien and Chibougamau and register my protest in this connection.

Hon. L. M. Gouin: Honourable senators, I happen to know fairly well the region under discussion, and though I do not pretend to be a prophet, I am absolutely confident that all or most of the province of Quebec will be eventually developed much as the northern areas of Manitoba, Saskatchewan and Alberta have been developed. What are we in Quebec asking for? We have faith in the future of that part of the country. There are some timber resources. There are almost unlimited possibilities in the way of water power. Mr. Fairweather explained to some extent in committee what could be expected from the Chibougamau area, and the Manitouwadge side, and Manitouwadge Lake. I feel confident that in about five years we shall be in a position to proceed with the building of part, at least, of that line.

Frankly, I must admit to the belief that Quebec, the oldest of the provinces, has less mileage in proportion to its territory and population than some of the other provinces.

In connection with this particular project we hope to extend railway development to the height of land, the dividing line, in a part of the country which was also part of the territory of the Hudson's Bay Company. It is what used to be known as Rupert's Land, and once upon a time, when the Honourable Sir Lomer Gouin was premier of Quebec, that part of our northern territory was transferred to Quebec, as also the northern part of Ontario was transferred to our sister province.

What harm can be done by granting the power to build the line? As the honourable senator from Rosetown (Hon. Mr. Aseltine) admitted a few minutes ago, it will be necessary to come before parliament to ask for the funds required to construct it.

If the Senate refuses my good friends of the Lake St. John district the opportunity to eventually build this line, they will be terribly disappointed and will feel that they have not been treated fairly. Even now it is their hope that the company will be able to proceed at the same time with the part of the line which will run from Beattyville to Chibougamau, and the extension from Chibougamau in a southeasterly direction to St. Felicien.

I hope that this house will share my views and give us what may be called a conditional green light. Let us at least retain our hope, if we cannot get more than that at the present time.

Hon. Mr. Bouffard: Honourable senators, I wish to add a word or so on this bill. When Mr. Fairweather came before the committee he was insistent that a charter should be granted because he wanted to be in a position to recommend to the governor in council the construction of the line as soon as the development seemed to be needed. He said that at any time representations might be expected from lumber companies or persons interested in the construction of a smelter at Chicoutimi, and he wanted to be in a position to say to the lumber company, "As soon as you are ready to ship your lumber", and to those interested in the smelter, "As soon as you are ready to construct it", the Canadian National would construct the line. That is the purpose of granting a charter to the Canadian National Railways now.

No risk is involved in giving this permission: it does not assure the Canadian National Railway Company of any money, but it will enable the minister concerned and the board of the Canadian National Railways, when the conditions warrant such action, to decide without delay whether the line should be built at once.

I am astonished at the stand taken at this time by the honourable senator from Rosetown (Hon. Mr. Aseltine). The only objection raised during the debates in the other house was to this effect: "Why do you not build the line right away?"

Hon. Mr. Gouin: Quite right.

Hon. Mr. Bouffard: And that was the attitude of the opposition. In committee the Canadian National Railways spokesman stated, in effect, "We are not ready; at the moment we have not enough assurances to warrant the commitment." But to my mind it is strange that, on this matter, the opposition in this house does not agree with the opposition in the other place. Instead of saying "You should build a line right away", they oppose giving the railway the right to build the line.

Hon. Mr. Horner: There are no politics here.

Hon. Mr. Bouffard: Well, maybe, but that is a very surprising statement. I think there are two parties in the Senate, and I am glad of that fact. In any event, I cannot foresee any trouble in granting the C.N.R. this charter, for they will not proceed with any of the work until they deem it advisable. When responsible people decide to build up the Saguenay region they will merely have to consult with the minister and the board of directors of the C.N.R., and upon finding that the latter are ready to make certain commitments they will be in a position to make some themselves.

Hon. Mr. Horner: If the charter is granted will it not be possible for the railway to complete the road without coming to parliament?

Hon. Mr. Bouffard: The bill specifically provides that no construction can be commenced without authority from the governor in council.

Hon. Mr. Horner: From the governor in council, but not from parliament?

Hon. Mr. Bouffard: The governor in council cannot give the Canadian National Railways any money without authorization from the House of Commons and the Senate.

The motion was agreed to, and the bill was read the third time, and passed.

INCOME TAX BILL

SECOND READING

The Senate resumed from Thursday, June 10, the adjourned debate on the motion of

Hon. Mr. Hayden for the second reading of Bill 467, an Act to amend the Income Tax Act.

Hon. John T. Haig: Honourable senators, I do not intend to delay the house, for I feel that our esteemed colleague from Toronto (Hon. Mr. Hayden) thoroughly explained this bill on second reading last Thursday.

This legislation, which affects the control of revenues in various sections of the Income Tax Act is very involved. The amendments cover many points and indicate the complicated nature of the income tax law.

Before dealing with the amendments themselves I should like to congratulate the government upon having such an able income tax inspector in the province of Manitoba. This official has been rendering fine service, and while I do not have any dealing with him myself, I have heard nothing but praise for the fair way in which he deals with the public. I have not heard one single complaint about the office there in the last two or three years. I think that is a high compliment, for considering that the income tax law is so complicated and affects so many people, it is indeed a wonder that there has not been a deluge of complaints. Income tax law is so complex that one can readily see why alert accountants and able lawyers can find ways to escape its provisions. I do not suggest that they are dishonest; it is just that parts of the act may be interpreted in different ways. I should really like to make a much longer speech at this time, but I observe that a certain honourable senator is not present in the chamber. I imagine he has gone home for the week-end.

An Hon. Senator: That is not nice.

Hon. Mr. Haig: I refer to the honourable gentleman who challenged my statement the other day.

I do not know what the Senate can hope to achieve if it is not given greater liberty to deal with financial questions. One of our difficulties is that the estimates do not come to us before the final days of the session. This year they will probably not be placed before the Senate until twenty-four hours before parliament prorogues. It is my hope that next session the Senate will amend its rules or that the House of Commons will see fit to send certain legislation to us at a much earlier date in the session. The Senate should be entitled to hold its own budget debate and not have to wait until the tail end of the session to get information.

Honourable senators, I object to section 15 of the bill because it is retroactive in its application, and I do not think any legislation should be retroactive. I do not think that in 1954 we should amend our statutes by saying that what we intended to do in 1946 was so and so. The laws we enact now should apply only from this date forward. By enacting this legislation, which is to be retroactive to cover the last five or six years, we are saying in effect that certain things have been done illegally under the present law. I am not too sure, of course, that the amendments contained in section 15 will be as effective as the government wishes. That is another matter.

Manitoba has the two largest mutual life insurance companies in the dominion of Canada. Now, the original statement made by the Minister of Finance, when dealing with this problem, included reference to a great many mutual life insurance companies in the provinces of Ontario and Quebec, but they do not come under this legislation, whereas two large companies in Manitoba do.

Hon. Mr. Bouffard: What are the names of those companies?

Hon. Mr. Haig: The Wawanesa Mutual Insurance Company and the Portage la Prairie Mutual Insurance Company.

Hon. Mr. Euler: I should like to point out that the honourable leader opposite (Hon. Mr. Haig) referred, I am sure in error, to mutual life insurance companies.

Hon. Mr. Haig: I meant to say mutual fire insurance companies.

Hon. Mr. Bouffard: That is why I asked for the names of the companies in Manitoba.

Hon. Mr. Haig: I thank the honourable senator from Waterloo (Hon. Mr. Euler) for his correction. I should like to give the house an illustration. Let us suppose that an agent from the Wawanesa Mutual Insurance Company comes to my farm and inquires whether I have any insurance on my farm house, barn or machine shed, and I advise him that I have not. I agree with him that I should have insurance, and he says, "I am an experienced valuator, and I am selling insurance all the time. You should have $7,000 insurance on that house." Then he looks over the other property and says I should have $4,000 on the barn, $2,000 on the machine shed. That is a total of $13,000. "Now", he says, "We will insure those buildings for that amount, with the loss payable to you or, if you have a mortgage on the place, with the loss payable first to the mortgage company, and the balance if any to you." The premium for the year 1954 is $100, but he says: "You don't need to pay us cash. Give us a note for $100, and when we know the cost rate for the year 1954 we will write and tell you." At the end of 1954 the

Wawanesa Mutual finds that the cost rate of insurance for $13,000 was $50, not $100, and their representative says, "Send in $60 instead of $50, for we have to set up a reserve of $10 from your $60, because if we had a bad risk during the year, like a prairie fire, or one like Winnipeg had the other day, with a wind at 70 miles an hour, the loss would probably be $300 instead of $100; we cannot charge you $300, but every year we will put about $10 of your money into a reserve to pay for loss." As I understood it, the $10 that goes into reserve earns interest, and the income tax department charges tax on whatever the revenue is per year from interest on the reserve account. That is what I understood at first, but now I believe there is some question about that. It has been intimated to me that not only the income from that reserve may be taxed, but also any money put into the reserve fund, as if it were income. I say that is not right. That is what the legislation of 1946 tried to do, but on the appeal in the case of the Stanley Mutual Company of New Brunswick the Supreme Court of Canada held that the legislation did not do that. Now an attempt is being made to make the present legislation retroactive.

I object to the putting of a tax on the reserve taken out of premiums paid by the farmer to protect the liability on policies held by him. I do not object to the tax on the income of that reserve at all; indeed, I think a tax should be payable on it. Forty years ago I took out a life insurance policy, and at the end of twenty years the policy was paid up. I did not cash it and, thank goodness, I did not die, so the policy is still in force. Every year some insurance company sends me a notice concerning my policies to announce an increase in its reserve and to tell me that my dividends have increased. I do not pay any income tax on that at all, although I did for seven or eight years. Then I found that I was not as bright a lawyer as I had thought, for I had believed that to be income. One day while a chartered accountant was in my office examining my books I received one of these dividend notices, and he said, "Well, you do not have to pay any income tax on that at all." I looked it up and found he was right.

Hon. Mr. Euler: It was regarded as a return of capital was it not?

Hon. Mr. Haig: Exactly. That is what I say, this $10 is return of capital. Nobody uses that money.

Honourable senators, I have stated my first objection.

Hon. Mr. Aseltine: Why do they leave out Ontario mutual companies and put in the Manitoba mutual companies?

Hon. Mr. Haig: You are asking me a political question, and I do not think I should answer it, because I have been told that I have been raising political questions before today. I am not suggesting that the reason they kept Manitoba mutual companies in and did not include Ontario and Quebec companies is that there are more votes in Quebec and Ontario supporting the government than in Manitoba.

Hon. Mr. Howard: That condition will probably continue after this legislation.

Hon. Mr. Haig: My second objection is to putting in an amendment in 1954 to say what the law was intended to be in 1946. The retroactive feature is wrong, although I admit it is open to argument both ways. Are we as a house prepared to pass a retroactive law in 1954 applying to legislation which was passed in 1946? I object very seriously to that. I hope there will be enough members in this house to support the stand that we, at least, as one part of the parliament of Canada do not believe in retroactive legislation. It is a wrong principle. You cannot conduct business on that basis at all. I remember only one or two occasions in my experience when this house dealt with retroactive legislation, and we objected, although there was far more justification than now for passing it. Honourable senators, I object to the inclusion of this provision in the bill.

Hon. W. D. Euler: Honourable senators, first, I wish to compliment the senator from Toronto (Hon. Mr. Hayden) upon his very exhaustive and clear explanation of the bill, which is a very difficult one for laymen, and perhaps even for some lawyers, to understand—as my friend the Leader of the Opposition (Hon. Mr. Haig) has indicated.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Euler: The record of my friend the senator from Toronto has been of that high character all along the line, and he has been of great assistance to this house.

I listened with interest to the remarks of the Leader of the Opposition about retroactive legislation. On general principles, I feel about the same as he does—I do not like retroactive legislation. Although he is a lawyer and I am not, I feel he may not be quite correct in assuming that this particular legislation will be retroactive.

Hon. Mr. Haig: That may be.

Hon. Mr. Euler: I had a discussion this morning with Mr. Gavsie, Deputy Minister of the Department of National Revenue, the head of the Income Tax Branch, and I gathered from what he said—perhaps when my friend from Toronto concludes the debate, he will clear the matter up—that the legislation need not be retroactive to the extent that the Wawanesa Mutual Insurance Company cannot still obtain the refund, provided the minister permits a reassessment.

Hon. Mr. Haig: But what if he does not permit it?

Hon. Mr. Euler: Even if he does not, I think there is still a chance that they may get a refund for at least one year, by reason of the fact that certain changes were made in the act last year.

I hesitate to go into the subject too deeply, because it is a difficult one and I am not a lawyer; however, I shall confine my remaining remarks to two things which are not clear to me.

Hon. Mr. Aseltine: You were a former Minister of National Revenue—you should understand them.

Hon. Mr. Euler: Yes, but as my friend knows, a minister does not know everything about his department; he has to depend to a large extent on his executives.

I objected very strongly to the legislation passed in 1947—and I feel the same about it today—which reduced a tax of 3 per cent to 2 per cent on premium income of insurance companies and added a corporation tax. For example, a company might be losing money on its operations, and yet be obliged to pay a heavy tax on premium income. I may say at this point that the company with which I am associated is not affected by this legislation, and I have no personal interest in the matter. As I say, I objected to the legislation in 1947—

Hon. Mr. Aseltine: I remember your speech.

Hon. Mr. Euler: —by which the companies were required to pay tax on premium income. True, it was reduced from 3 to 2 per cent, but in addition there was added a corporation tax. My contention then was that it was perfectly right to require insurance companies to pay a corporation tax on their profits, as any other company does, but I did not see why they should have to pay an additional tax on premium income. That point, by the way, has nothing really to do with the bill now before us, but I felt the legislation I speak of was wrong in principle.

My friend from Toronto (Hon. Mr. Hayden) and I had a bit of controversy the other day, and I am not yet quite convinced that the explanation he gave is the correct one. As I have said, legislation was passed in 1947 that placed a tax on income from investments of an insurance company and on its underwriting profits. While that law may have been quite sound in principle, there was a defect in it, in that there was an error in draftsmanship, as has been admitted by officials of the department. The Stanley Mutual Insurance Company of New Brunswick claimed they were not taxable on their underwriting profits. Their case was taken to the Supreme Court of Canada and the court found in their favour. Under that judgment the Wawanesa company would get a refund of approximately $600,000 or $700,000.

Hon. Mr. Haig: Right.

Hon. Mr. Euler: I can quite understand why the government did not altogether like that situation, and as a result of the court's judgment this legislation now before us was introduced.

The Leader of the Opposition (Hon. Mr. Haig) objected, and I have a good deal of sympathy with his stand, that a law should now be made which would undo the results flowing from a law that was made some four or five years ago. He objected to this legislation which would remove from the Wawanesa company the power and the right to get their refund. I would take it as a sound principle that if the government made an error—if one of its lawyers made an error, it is the government that is responsible—and in those circumstances some corporation or person benefited, it would not be fair to deprive the corporation or person of that benefit because of the government's mistake. Except in extreme cases of injustice, I think it is apparent to everyone that we should not pass retroactive legislation. As my talk with Mr. Gavsie revealed, it still can be made possible for the company to which I referred and similar companies to get their refund, but whether they will get it or not, I do not know.

I come now to the matters to which I objected in the debate of a few days ago. Of course I think companies should pay income tax on their profits, but I do not think they should be taxed on their surplus; that is to say, they should be taxed on the interest they receive from the investment of their surplus, but not on the surplus itself. To do otherwise would be to place a tax on capital. Since 1947 Canadian insurance companies have paid a tax on income from investments, plus a tax on the underwriting profits; but foreign companies—companies from Britain and the United States—do not pay tax on their income

from investments. My friend from Toronto (Hon. Mr. Hayden), I think, explained this matter the other day. I understand that, in the early days, when Mr. Breadner was Deputy Minister of Customs and Excise, there was no separate income tax branch, and he looked after the administration of the comparatively small income tax at that time. The rates were low, the business was small and it was rather difficult to ascertain the true amount of income from investments by foreign companies, because their deposits were made first with some agent of the Canadian government, say in London, and coupons were clipped outside the country.

In those circumstances, it was most difficult to ascertain their true income from investments, so an arrangement was made whereby foreign companies should not be taxed on investment income. But to offset that privilege they were not permitted to deduct from profits for income tax purposes any amount of head office expense. Whether the two items equalize matters, I do not know, but it seemed to me a wrong way to do it. It would have been preferable, I think, to treat all companies alike: if some companies are to be taxed on their profits from investments—as Canadian companies are—then I think all companies, including foreign companies, should be so taxed. At the same time, they should be allowed to charge a fair amount against head office expense. To make that plan applicable to all companies, both Canadian and foreign, would put the thing on an equitable, fair and even basis.

The British and foreign companies were supposed, however, to pay taxes on their underwriting profits, but to my amazement I found, on discussing this matter with the manager of a certain company, that these companies had not paid taxes, not only on income from investments but on their underwriting profits as well.

I have before me a statement giving some pertinent figures in connection with this. The first company I will consider is a Canadian company, the Wawanesa, the second a British company—I could give the name—and then a United States company. Here are some amazing facts, covering a four year period from 1948 to 1951.

The premiums written by the Wawanesa company were, in round figures, $26 million. Their underwriting profit was $1,800,000 and their investment income was $1,126,000, or a total of about $2,938,000—nearly $3 million.

Hon. Mr. Burchill: Will my honourable friend explain what underwriting profits are?

Hon. Mr. Euler: The profit that accrues from doing business—receiving premiums, and paying losses and expenses.

Hon. Mr. Burchill: As distinguished from the first item.

Hon. Mr. Euler: The income received from investments is an amount that is easily ascertainable. If the premiums received, after paying enough to reserve, are not enough to pay the losses plus expenses, then there will be a loss, but if they are more than the losses a profit will be made—an underwriting profit on which they have to pay income tax. Is that clear?

Hon. Mr. Burchill: Yes.

Hon. Mr. Euler: The income tax that was paid by the Wawanesa company amounted to $931,000 over a four-year period.

The British company, in their Canadian operations, had premiums not quite so large, something over $22 million. Their underwriting profit was a little over $1 million, and their investment income was $892,000, a total profit of about $1,903,000.

Hon. Mr. Bouffard: Is that for a year, or is it over the same four-year period you mentioned?

Hon. Mr. Euler: Over the four-year period. And this company paid no tax at all.

The American company received premiums of $13 million. Their underwriting profit amounted to $427,000, and their investment income was $881,000, a total of about $1,308,324, on which they paid no tax whatsoever.

Now, that amazed me and I immediately assumed that not only was the government being deprived of revenue that it should have received but that there was unfair discrimination against the Canadian companies, very unfair discrimination. It also occurred to me that perhaps that was one of the reasons why Canadian fire insurance companies are now writing less than 17 per cent of the fire insurance business in Canada, the rest of it being written by foreign and British companies. There are, of course, other reasons.

The figures I have given are taken from the government blue book on insurance matters, and they are correct.

I have brought this matter to the attention of Mr. Gavsie, and he told me that our government did not collect any tax from them, that these British and foreign companies did not pay any tax. They took the same position as did the Stanley Mutual Fire Insurance Company and if that decision stood, these companies would pay no tax on either underwriting profits or income investments. I was curious about what is going to happen now, and Mr. Gavsie informed me that under this bill that situaton cannot arise again. Some changes were

made in the law a year ago, with the result that these companies are now paying a tax on the difference between the income on their assets and their liabilities. But so far as this particular angle that I am discussing is concerned, they have not paid any tax on those items. Now, with this amendment to the law, resulting as it does from the Stanley Mutual judgment, in future these British and foreign companies will be obliged to pay tax on their underwriting profits.

I hope it works out this way. Certainly if it does not and if these companies should in any way escape through a faulty drafting of the law, it would be not only unfair to the government, inasmuch as revenue would be lost, but certainly it would be unfair to Canadian companies which have to compete with these British and foreign companies.

Hon. Mr. Lambert: Are these foreign companies incorporated in Canada under Canadian laws?

Hon. Mr. Euler: I think some of them are subsidiary companies, yes. That reminds me of something else. Years ago it might have been a little difficult to tax them, because of exchange considerations and because it was difficult to check on the amount of the revenue from investment, but I think that is not the case now. I think that nearly all these companies, and especially the British companies, are pretty well self-contained in Canada, and it would not be at all difficult to find out what their investment income is. If that is not the case I still say it would be better and more consistent with logic and fairness if all insurance companies were put on the same basis. If Canadian companies have to pay on investment income and underwriting profits, then the British and foreign companies should pay the same, and so I say put them all on the same basis.

Hon. Mr. Lambert: Are those returns that you quoted a moment ago concerning British and foreign companies made from their head offices outside of this country or made by their branch offices here?

Hon. Mr. Euler: I cannot say, but I think they would be made from the offices here, which would be self-contained more or less; and if the companies were subsidiaries I suppose they would have to make their returns direct from their offices in this country.

Honourable senators, that is about all I wish to say. I am glad that the things I was going to criticize very severely seem to be in process of being corrected.

The investment income of the British and foreign companies is going to be taxed, and in addition, I am assured by the Superintendent of Insurance and by Mr. Gavsie, these companies will not be permitted to deduct from taxable income any of their head office expense. He says that they are watching that very closely on behalf of the Canadian insurance companies, for which I am very glad indeed. I think that all companies in Canada, in business to make a profit, ought to be taxed on their profits. Non-resident companies ought to be on the same basis as our Canadian companies: certainly conditions should not be made prejudicial to the prosperity of the Canadian insurance companies.

Hon. Mr. Burchill: I would just like to ask the honourable senator to clear up a point for me. Do I understand that these British and foreign insurance companies which have been doing business in Canada have not paid any tax as corporations? That is the statement, is it not?

Hon. Mr. Euler: They have not paid any tax.

Hon. Mr. Howard: Except the two per cent on premiums.

Hon. Mr. Euler: They pay the two per cent on their premium income, as all Canadian companies do. In that respect they are on the same basis. But they have not paid a tax on income from their investments, because that was supposed to be offset by their not being allowed to deduct head office expense as part of their cost of doing business.

Hon. Mr. Haig: Honourable senators, I may have made a mistake in my earlier remarks, and if I have the permission of the house I would correct any wrong impression that I gave. It does not matter much to me, but it matters in another way. I am not sure whether I suggested that the government did something that was improper, and if I did make that suggestion I want to withdraw it. The truth is that the Wawanesa company, the one I know of, did pay the tax money under protest, and when the Stanley Mutual Fire Insurance case went the way it did they applied for a refund and the government refunded the money to them for the three years for which they paid the tax. I want to make that clear.

Hon. F. W. Gershaw: Honourable senators, I wish to add a very few words to this debate. Like the honourable Leader of the Opposition (Hon. Mr. Haig), I have no particular objection to the way the officers carry out their very exacting tasks. But the preparation of returns is particularly difficult for those who are not well acquainted with

the English language, and consequently the circumstances connected with the collection of this tax are very much resented by a great many people. One trouble arises from the slowness with which returns are handled. A short time ago the department was four years behind with its reassessments. At the present time they are more nearly abreast of things; yet a long period still elapses between the time when the report is assessed in the first place and the time when the reassessment is made. Where a mistake has been made—for instance, if some item of income has been overlooked—interest is attached to the sum so deficient. It is these penalties to which the average person objects, because they have been incurred without any intention on his part to violate the law but are the result of an oversight or some unavoidable circumstance. I recall the case of a farmer who every year since 1942 had paid income taxes varying from twelve to fifteen hundred dollars, but, because of various complications, did not during that period get a reassessment. In the meantime, to build a big elevator for the storage of his grain, he spent practically all his available funds, and he is now faced with ruin because of the accumulation of reassessment charges. There is a real problem, especially among the farming community, in this connection.

By contrast, consider the position of railway employees, who work on a regular salary. Each month the company deducts from their pay cheques an amount for income tax, and while this makes a bad hole in their take-home pay it keeps them up-to-date on their income tax liabilities, and adjustments, if necessary, can be made at the end of the year.

My suggestion is that the department should consider a production tax. I realize there would be difficulties in this connection. On the sale of a thousand bushels of wheat the rich man would have to pay a larger sum by way of tax than the poor man, because of the different income brackets. But this plan would have one great advantage. The department has a record of sales of wheat to the Wheat Board and of the cattle sold to the various dealers; and if the tax were deducted at the time of sale the farmer's attention would be drawn to the fact that the tax was due, and he would avoid getting into arrears and being faced at some time later with a large penalty. This matter has provoked a lot of discussion, particularly among farmers; and, as I have said, it has also raised a good deal of resentment where, because of some oversight resulting from lack of familiarity with the complicated details, the taxpayer is faced with these penalties.

Another cause of difficulty is that there are very few income tax offices. In the city where I live, a centre of 50,000 people, there is no income tax office at all. If a man wants to discuss some point connected with the tax he must make an appointment beforehand with a distant office and travel two hundred miles to meet the official and talk over his problem. This costs him a lot of money. As a result there is a tendency to overlook the tax altogether. I believe that if some sympathetic officer were located in these relatively smaller places, less trouble would occur, there would be a better feeling about the whole thing, and in the end the government would collect more revenue.

Hon. Mr. Euler: Honourable senators, I do not intend to make another speech; but in citing the case of three different insurance companies, one of which paid the tax whereas the others paid no tax at all, I may not have clinched by argument. What I wanted to say was that, with the adoption of this legislation, that sort of thing can no longer occur. The new law may be made retroactive—I do not know—to collect some of the tax which has not been paid.

Hon. Salter A. Hayden: Honourable senators—

The Hon. the Speaker: I would point out to the house that if the honourable senator from Toronto (Hon. Mr. Hayden) speaks now he will close the debate.

Hon. Mr. Hayden: Honourable senators, may I be permitted to say a few words on the particular aspect of the bill which has provoked the discussion today?

First, as regards stock companies other than life insurance companies, whether they be resident or non-resident, operating in the insurance field, so far as our income tax law was concerned, even prior to 1946 they were subject to income tax on profits. Any discussion of the situation before 1946 in relation to non-payment of taxes by some non-resident companies, whether British or foreign, must proceed on the basis of some rule or regulation of the department whereunder an offset of head office expenses against investment income was permissible. But one starts with this general principle. In 1945, when the royal commission sat, its inquiry was directed to two phases: first, to determine whether or not in the income of co-operatives there was an element which could or should be made subject to income tax; second, whether in the operation of mutual insurance companies other than life insurance there was, similarly, any element of their income to which income tax should

attach. As a result of its inquiry, the commission concluded that there was an element in connection with the income of mutual companies which, they thought, should bear a fair share of the tax. That element was underwriting profit. There was no question of whether investment income should be taxed; and even in the famous Stanley case it was admitted, upon argument in the Supreme Court of Canada as well as on the original hearing, that investment income constituted a taxable item.

Parliament passed legislation in 1946 for the purpose of implementing the recommendation of the royal commission, and the intention at that time was to make the burden or incidence of income tax fall upon these mutual companies. That was done by removing an exception that had existed in the act prior to that time. Then the legislation went on to provide certain other things which had been a part of our policy: for instance, the right of any insurance company to set up policy reserves, the formula and extent of which are determined by the Superintendent of Insurance. A further provision was made in respect of refunds, wherein it was provided that the refunds out of the income of mutual or stock companies paid to their policyholders shall not constitute taxable income. Therefore the way was open to mutual and stock companies, by refunding a portion of their premium income, to escape tax to that extent. That has been the law down to the present time, and it is quite obvious that parliament intended, when it took the step it did in 1946, to get at some element in the underwriting profit of mutual companies which had theretofore enjoyed an exemption from taxation. The intention was to reach out and tax that element representing the amount of accumulations out of underwriting profits earned by the company and not refunded to the policyholder; and, of course, in addition to that, investment income.

Since 1947 returns have been made by mutual companies on that basis. Latterly some of them paid under protest, and the Stanley Mutual Fire Insurance Company took the issue to the courts. In the first instance the Exchequer Court found in favour of the crown, but on appeal to the Supreme Court of Canada it was held that in a mutual company—this combination of persons having property they want insured—the moneys are contributed by the policyholders for the purpose of providing themselves with insurance. The Supreme Court held that there is no such thing as a profit in a mutual company; that the policyholders have simply overestimated the amount of money required to carry the insurance to protect their properties for that year. The government had to make up its mind whether it was going to accept that decision, the effect of which would be to reinstate a provision that had been in the Income Tax Act up to 1946, which exempted mutual companies from taxation on underwriting profit. As a matter of policy the government decided that what it thought it had done in 1946, in accepting the recommendation of the royal commission, was still sound policy, and that it should reaffirm that decision. The method taken in section 15 of this bill is to declare that underwriting profits arising from contracts of insurance entered into by companies other than life companies—whether mutual or not—is taxable income. The legislation goes on to break that down into taxable income from underwriting profits and income on investments, and then it provides a clause to the effect that the rules governing exemptions and deductions that have been in force remain in force. Until there is some pronouncement by the government that the so-called Finlayson rule no longer applies nor is not going to be recognized even after this legislation is passed, it may be found that there will still be an offset of investment income for non-resident companies against the non-charging of head office institutions.

Stopping there, I do not see how it can be said that there is any retroactive effect to this legislation, for parliament enacted legislation in 1946 which came into effect in the year 1947. The Supreme Court decided that a tax did not attach to the so-called underwriting profits of mutual companies, and parliament is now affirming and saying this is what it meant to say in 1946, and for greater certainty it is setting out in clearer form what it did mean.

Most of these companies have paid their tax from 1947 to 1951, and such a period of time has elapsed that the provisions of the Income Tax Act for applying for refunds have been exhausted. The time has run out. A company must make its application within a year after the assessment or payment of the tax, whichever is later. So the time has run out, and if you stop there I submit that there is no problem of retroactivity. It might be suggested that, in the form in which the distinction is made in this section between non-resident and resident companies, some of the spoils of the Stanley decision are being left for the resident companies to pick up, while the non-resident companies are being denied the opportunity of picking up any at all. That is the kernel of the thing, and the real place where any retroactivity comes in. Here is the way it is done. This declaration of law as to the taxability of underwriting profits and investment income of all insurance

companies other than life companies applies in relation to non-resident companies to the year 1953. In relation to resident companies it applies to the year 1954, which represents a difference of one year. It is also provided that when computing income tax for the years 1947 to 1952, non-resident companies must have regard and give effect to the declaration providing that underwriting profits and investment income are part of taxable income. Resident companies, when computing taxes for the years 1947 to 1953, must consider the question of investment income only.

Subsection 3 of section 15 says:

> The said section 68A, except paragraphs (a) and (b) thereof, is applicable in the case of a resident corporation
>
> (a) to the 1953 taxation year, and
>
> (b) *mutatis mutandis*, in the computation of the income of the corporation under the Income War Tax Act for the 1947 and 1948 taxation years and under the Income Tax Act for the 1949 to 1952 taxation years . . .

Those paragraphs (a) and (b) of section 68A of the act deal with underwriting profits and the rules of exemption. Paragraph (c) of the same section deals with investment income.

In measuring the years from 1947 to 1953, so far as resident corporations are concerned, you have regard to investment income and rules of exemption. In measuring and determining the income tax liability of non-resident corporations from 1947 down to 1954 inclusive, you have regard both to underwriting profits and to investment income.

Hon. Mr. Bouffard: Which was exempted before.

Hon. Mr. Hayden: Yes. Clearly there is a difference between the two classes of corporations, and to the extent that there is a difference we should have a look at it and decide whether that is fair or not. We must assume it is a matter of policy, and I am sure we shall hear from the proper officials what that policy is when the bill goes to committee. That is one difference. Another difference is that we are granting treatment arising as the result of the Stanley case, to some extent, to resident companies and not to non-resident companies. Whether they should be entitled to it or not is another question. It seems to me a sound principle of law that if parliament had firmly fixed its intention in 1946 to impose this method of taxation on mutual companies to bring them into line with the general law, but failed to appreciate how precisely the language had to be drawn to make the principle stick, and because of the difficulties presented by the Stanley case it is now intended to reaffirm that principle, you may well conclude that the principle should be reaffirmed in its entirety. Again, there may be questions of policy at issue, and we shall have the opportunity to inquire about that in committee. However, I think we should have a full appreciation at this time of exactly what the law was before the Stanley case arose, and we should also know how this proposed legislation before us deals with the situation. Certainly, there are changes and differences, and it will be for us to decide in committee whether or not we can reconcile them and accept them in the light of decisions of policy that have been made.

Hon. Mr. Bouffard: Before the bill is read a second time, I would like to ask the mover a question. The bill proposes to consider as a stock dividend any distribution of increased capital by a company. I should like to know why that should be considered a distribution of profits.

Hon. Mr. Hayden: That is not my understanding of the section. My understanding is that where a company has a certain paid-up capital, and where at the same time it has undistributed income on hand—there must be the two elements—then if the company increases its paid-up capital the only way it can do so is by delivering more shares to its shareholders.

Hon. Mr. Howard: For consideration.

Hon. Mr. Hayden: Oh, no.

Hon. Mr. Bouffard: Oh, yes.

Hon. Mr. Hayden: If you receive consideration for the additional shares that are issued, thereby increasing your assets, this section in the bill does not apply; but if you attempt to increase your paid-up capital without increasing your assets by the issue of those additional shares, then the law will say, if this bill becomes law, that you are presumed to have capitalized your undistributed income.

Hon. Mr. Howard: That is all right.

Hon. Mr. Bouffard: I do not understand that very well.

Hon. Mr. Burchill: May I ask a question?

The Hon. the Speaker: Does the honourable senator consent?

Hon. Mr. Hayden: Yes.

Hon. Mr. Burchill: I have tried to follow the honourable senator from Toronto (Hon. Mr. Hayden); but I gathered from his reply

to the honourable senator from Waterloo (Hon. Mr. Euler) that a distinction was made between British and foreign mutual companies in respect to the income on underwriting profits. Am I wrong?

Hon. Mr. Hayden: Yes. The way this section is drawn is a bit confusing, because the heading of the section is "Mutual Insurance Corporations", and then it goes on to make a declaration in the law in relation to all insurance companies other than life. However, I say that mutual companies other than life companies constituted an exception in our income tax law down to and including 1946. One of the purposes of the royal commission was to determine whether that should be continued or not. I think when the honourable senator from Waterloo (Hon. Mr. Euler) was talking about British and foreign companies he was not necessarily talking about British and foreign mutual countries. British and foreign stock companies operate in Canada as well as mutual companies. Some of those British and foreign stock companies—because this applied only to stock companies prior to 1946—had some regulation or rule under which they operated, and they did not declare investment income and did not charge head office expense. Whether we look back at that matter and say it was good or bad does not make much difference; the fact is that it was a matter of policy and they operated on that basis.

My understanding is that since 1947 a number of mutual insurance companies either have not paid their taxes or have paid them under protest. Of course it is perfectly proper for them to pay them under protest; but if they do not pay at all the authorities will catch up with them sooner or later and they will have to pay their tax plus the attendant penalties. While companies may protest their liability to pay tax, that is their problem and their battle with the income tax department; it does not enter into the question of whether these sections are right or not.

Hon. Mr. Haig: Now that the honourable gentleman is through, may I ask a question? If this bill passes as it is, will the Stanley Mutual Fire Insurance Company, which I presume has not paid any taxes under the 1947 amendment, be liable for all its back taxes?

Hon. Mr. Hayden: The Stanley Mutual Fire Insurance Company, which was incorporated under the statutes of the province of New Brunswick, is a resident company, and under the provisions of this bill it is declared that such a company must pay income tax on its underwriting profits and investment income for the year 1954; for the earlier years, the only application is in relation to investment income.

Hon. Mr. Haig: Thank you.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hayden, the bill was referred to the Standing Committee on Banking and Commerce.

CUSTOMS TARIFF BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill 468, an Act to amend the Customs Tariff.

He said: Honourable senators, this bill introduces a number of amendments to the customs tariff. While the bill makes some fifty-six changes in the customs tariff, I may assure the house that I do not intend to deal with them all. A simple arithmetical calculation revealed to me that if I spent even one minute on each change, the explanation would take fifty-six minutes, which is much too long.

To shorten the matter I would refer honourable senators to the budget speech which appears in the House of Commons *Hansard* of April 6, and in particular to the schedule at page 3739 and following pages, which sets out in italics the changes then proposed. The first three columns of the schedule give the proposed rates of duty and the remaining three columns set out the rates in effect at the time this bill was introduced. Therefore, a reading of this schedule will reveal the items to be changed and the present rates of duty. With the leave of the house, I will file this schedule as an appendix to today's *Hansard*.

(See Appendix at end of today's Report of Debates, p. 627.)

No increases in duty are proposed in this customs tariff bill; many of the amendments are for the purposes of clarification of the language used, and come about through

experience in administration. There are perhaps ten or eleven items to which I should briefly call your attention.

By item 848 the duty is being eliminated on machinery, apparatus and parts of a class or kind not made in Canada for use in the development and operation of potash and rock salt mines.

By item 1044 a former drawback item is being re-established. Provision is made for a drawback of 99 per cent of the duty paid on fire clay, fire brick, when used by producers of iron or steel blast furnaces.

Item 437a provides for the duty-free entry of materials and parts used in the repair of railway signal systems, except as provided in the general tariff.

Item 437b provides for the duty-free entry of motor rail cars or units, of the self-propelled single car type. Duties are suspended until July 1, 1956.

Item 237a covers uranium in the form of pigs, ingots, billets or bars. The re-writing of that items is based on the experience between Canada and the United States: at a certain stage the material goes from Canada to the United States, is worked on there, comes back to Canada and is further processed here for export to the United States. The arrangement between the two countries in connection with the handling and pricing of this product is that the price is exclusive of duty; and no duty will be chargeable under this item until after July 1, 1958.

There are several items under which the tariff is being substantially reduced, one of which is item 418a, dealing with devices for the automatic control of the composition of sterilizing and cleaning solutions.

Item 441g reduces the tariff on tear gas ammunition for use by law enforcement authorities; and item 546a lowers the tariff on impregnated jute fabric used by nursery men.

Heretofore persons have been allowed to bring into the country, as settlers' effects, a motor car to the value of $1,500; and if the value was in excess of that amount, duty was paid on the excess. By item 705a the value of the motor car allowed in duty free is increased to $2,500.

Item 704(b) provides for the free entry of personal gifts not exceeding $25 in value, sent by members of the Canadian armed forces abroad to people in Canada. Heretofore this item was taken care of by order in council under the Emergency Powers Act, but with the lapsing of that act, the item is now being incorporated in the tariff.

I also should mention item 703 (c). Last year we provided for the free entry of goods valued at not more than $1,000 imported by members of the Canadian forces after an absence from Canada of not less than a year. Item 703 (c) now abolishes that limit of $1,000, and also extends the benefit of that importation as well to employees of the Canadian government returning from foreign postings.

Honourable senators, those are the principal items.

Section 2 of the bill simply corrects a printing error in the revision. There were two items in the tariff bearing the same number 402e, so all that section 2 does is to declare that one of them shall be known as 402c.

In section 3 you will notice that a number of items are being struck out of the drawback section. These are items that have not been used and in respect of which no claims for drawback have been filed for a great many years.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

The Senate resumed from Thursday, June 10, the adjourned debate on the motion of Hon. Mr. Crerar for the second reading of Bill 469, an Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1954, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

Hon. R. B. Horner: Honourable senators, I wish to make a few remarks before this bill receives second reading, and I particularly wish to direct my remarks to the building of the proposed Canadian National hotel in Montreal at an estimated cost of $20 million. Incidentally, I would like to remark

that many of us are familiar with the fact that in these days actual costs somehow or other always exceed the estimate of cost. I object to the building of this hotel. It is an example of what happens when a government goes into business. We are all well aware of the fact that the Canadian National is a government railway, run and operated by the dictates of the government. I am not satisfied with many things that the Canadian National Railway Company is doing. To my way of thinking, it is engaged in some activities that a railway should not engage in, and one of these is hotel keeping. I do not believe that hotel keeping is any part of a railway's business or any part of government business.

The honourable senator from Churchill (Hon. Mr. Crerar), in explaining the bill, tried to justify construction of this hotel stating there was a probability that the hotel would be a profitable operation for the railway. He mentioned, in illustration of his argument, the number of rooms per 100,000 of population in some of the larger cities of Canada. One of the cities was Vancouver. All honourable senators know, of course, that large numbers of tourists are attracted to that city because of its mild climate, an attraction which any of our other cities do not have, and, therefore, Vancouver would require relatively more hotel rooms than other cities do. In certain places hotels are more of a necessity than in others, and to illustrate this I would like to refer to some history on the subject. First of all, we have the 2,000 year old story of the inn where there was no accommodation on the night our Saviour was born. Besides inns, there were stopping places and these stopping places were generally built at points separated by the distance of a day's journey and had nothing whatever to do with the population at those particular points. In fact, at some of them there might be no population whatsoever. I have travelled in the north where there is plenty of hotel accommodation for tourist traffic only, and none for the local population. In the old days accommodation was provided for travellers' horses also. These stopping places then consisted of a few rooms, and a large common room where a traveller had the privilege of spreading his blanket. In this day and age we have a new type of accommodation that seems to me to be cutting into the business of the regular hotels. I am referring to motels, which may be described as the modern stopping places. As we travel along the highways we see these motels or motor courts, with circular drives leading up to them, and adequate parking places, so that you can drive your car in and take out your luggage right at the very door of your room.

I am not satisfied with the management of the beautiful hotel that we have here in Ottawa. I have been told by people who have travelled a good deal that they believe the Chateau Laurier to be one of the finest hotels in the world, and I do not doubt that it is. It was built by the Grand Trunk Railway many years ago, as were other railway hotels, in the early days of railroading. The Macdonald Hotel at Edmonton was another hotel project of that same railroad. Likewise, the Canadian Pacific hotels were built at a time when there was no spare capital in the hands of the people, when the insurance companies were not burdened with funds as they are today and insufficient private capital was available to build the type of hotel that the railway thought was needed at these crossroads. The Canadian Pacific Railway built the Palliser hotel at Calgary, a city where traffic seemed to concentrate, and therefore a place where a hotel could be expected to produce profits for its owners.

I would just like to digress for a moment to remark upon what a well planned hotel the Palliser is. It was designed so that it could be added to from time to time, and it was added to since it was built some forty-five years ago. No one who ever stayed there could help admire the structure and compliment the former directors of the Canadian Pacific Railway on their vision. No doubt the hotel was undertaken by the directors after consultation with their shareholders. The citizens of Canada are shareholders in the Canadian National Railways but are not consulted in such matters. The building by the Canadian National Railways of the Bessborough hotel in Saskatoon is one example of shortsightedness. Although it cost $2 million more than a similar hotel in Regina which was built by the Canadian Pacific Railway, it has some fifteen or twenty fewer rooms, so there is a serious crimp in revenue, for it is out of rooms that a hotel chiefly makes money. The Bessborough is located on a beautiful site. It has a roof that must have cost as much as all the rest of the hotel, a copper roof with gables all over, a roof that has no place at all on a

building of that kind, for it makes it impossible to add a wing without spoiling the appearance of the whole building. Yet it should have another two hundred or three hundred rooms just to break even.

As regards the Canadian National hotel at Edmonton, I made representations to the company over a period of nearly twenty years. The hotel had a grand site and all the public rooms necessary for it to function properly, but there were not enough ordinary rooms to make it possible for the hotel to pay. Ultimately three hundred and fifty rooms were added, and now the hotel is meeting its expenses and serving a great and growing city.

So far as the Chateau Laurier is concerned, I believe it could be managed more efficiently. How long would a hotel remain solvent if its main dining-room, one of the finest in the world, was so poorly patronized that most of the time the waiters outnumber the people having meals there. The hotel is one of the beauties of the world; but try to get to it! Do American tourists patronize it at mealtimes? No, they remain on the outskirts of Ottawa, where there is space for their cars. I defy anyone who does not know the district around the Chateau to drive to the hotel without difficulty. He is more likely to shoot on down past Sussex street, and find himself in a bottleneck, and be obliged to turn around and make his way back again. With the cement promenade and the ground adjoining it, there is enough space on which to build an addition of two to three hundred rooms. The hotel itself contains enough corridors, salons and alleyways to serve eleven or twelve hundred rooms instead of the existing five hundred and fifty. As it is now operated it is better suited to millionaries and the more exclusive type of patron than to the ordinary guest.

There is no obvious reason why the Government of Canada should build another huge hotel in Montreal. In fairly recent years the 1100-room Laurentien has been erected, and the island abounds with hotels and motels which are used by great numbers of visitors. What I am desperately concerned about is that the governing body of the Canadian National Railways shall pay strict attention to what, to my mind, is their main job, namely the carrying of freight as rapidly and at as low a rate as is possible. As a shareholder, it does not please me that an important part of the Chateau Laurier is occupied by a cocktail bar. Presumably space will be found for several such resorts in the Montreal hotel. I do not want any part in such an enterprise. Here at the Chateau it is not enough, apparently, to have a cocktail bar, plus the "den of iniquity" in a hole in the ground, but other quarters are provided which in an inn of the right kind would serve an entirely different purpose, and six or seven able-bodied men are going around serving drinks. In one of our magazines, I believe it was *Maclean's*, the writer of an article on the Chateau Laurier told us that the manager changes his clothes three times a day. What a great boost that kind of performance gives to propaganda of the hammer-and-sickle kind!

It is often said that this chamber is a place for second thought. I suggest that this is an occasion when we ought to "stop, look and listen." We have the right and, I believe, the duty to give service to the principle of decentralization which is now being put into practice. Until world conditions are more settled, why should $20 million be spent to further congest the centre of Montreal? The whole trend nowadays is outward. Until Montreal is provided with a subway, access to the proposed new hotel will be no easier than it is to the Chateau Laurier at the present time.

I recall an occasion, long before I ever thought it would be my lot to stand up in this chamber, when the Senate received an immense amount of abuse for having refused its consent to a railroad charter which had been passed in the other place. Had the road been constructed it would have passed within twenty miles of where I have lived for forty-five years. The action of this chamber on that occasion saved the country many millions of dollars. To this day the greater part of that area is in community pasture. The proposed railroad was not built, and never will be. Another opportunity is now before the Senate to exercise its right and its duty to say no.

It is getting late, and as I have expressed my feelings in the matter I shall say no more except to repeat that I am opposed to the building of a Canadian National hotel at Montreal at this time and to the voting of any money for this purpose.

On motion of Hon. Mr. Reid, the debate was adjourned.

NATIONAL HARBOURS BOARD BILL

MOTION FOR CONCURRENCE IN COMMONS AMENDMENTS—DEBATE ADJOURNED

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill I-13, an Act to amend the National Harbours Board Act.

Hon. A. K. Hugessen moved that the amendments be concurred in.

He said: Honourable senators, the House of Commons made certain amendments to the bill to amend the National Harbours Board Act, which measure we considered rather extensively some weeks ago. Their amendments are now before us. I think I should indicate to honourable senators the more important ones which were made by the other house so that the Senate will know just what they are.

Honourable members will recall that one of the principal purposes of the bill is to enable the National Harbours Board to appoint police constables in the various ports in which its property is located, for the purpose of enforcing the laws relating to the protection of property in harbours. The amendment made by the other place provides not that the National Harbours Board may appoint such police constables, but that any Superior Court judge in whose jurisdiction property of the board is situated may, upon application to him by the board, appoint them. In other words, the appointment of constables is taken out of the hands of the National Harbours Board itself and placed in the hands of a judge in the district in which the constables are to serve. I think that is an unobjectionable proposal.

Hon. Mr. Baird: Do such appointments have to be sanctioned by the board?

Hon. Mr. Hugessen: No. The board applies to a judge for the appointment of certain persons as constables, and probably as a matter of routine the judge would approve of the appointments.

Hon. Mr. Roebuck: That represents an improvement in the law.

Hon. Mr. Hugessen: Yes, I think it does. Honourable members will also remember that the bill as we passed it gave such constables, after they had been appointed, jurisdiction not only over the property of the board in the district for which they were appointed but over an area within fifty miles of such property. It will be recalled that there have been instances where property has been stolen from National Harbours Board premises and taken some little distance away. It was felt that these constables should have the right to follow that property within a reasonable distance. The Senate fixed the distance at fifty miles from where the property was stolen, and the House of Commons has reduced that limit to within twenty-five miles. I do not know that we need worry much about this amendment, but I thought I should indicate it to the house.

Honourable senators will also recall that the bill passed by the Senate provided that any malefactor charged with an offence could be taken to court, provided that the court was in the same province and within fifty miles of the place where the offence was supposed to have been committed. There again the House of Commons reduced the limit from fifty to twenty-five miles.

Hon. Mr. Roebuck: That represents another improvement.

Hon. Mr. Haig: Yes.

Hon. Mr. Hugessen: Well, whether it is an improvement or not it is not a matter upon which we need enter into discussion with the other place.

Another amendment, consequential to the first one I mentioned, gives the Superior Court judge who appoints these police constables the right to dismiss them if he sees fit.

There are a few minor amendments, merely of a verbal nature, with respect to which I do not think I need delay the house at this time.

Hon. Mr. Isnor: In view of the fact that I should like to have an opportunity to read the proposed amendments, as printed in the *Minutes of Proceedings*, I move the adjournment of the debate.

On motion of Hon. Mr. Isnor, the debate was adjourned.

INTERNAL ECONOMY

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the eighth, ninth, tenth and eleventh reports of the Standing Committee on Internal Economy and Contingent Accounts.

Hon. Felix P. Quinn severally moved concurrence in the reports.

The motion was agreed to, and the reports were severally concurred in.

CRIMINAL CODE (RACE MEETINGS) BILL

COMMONS AMENDMENT

A message was received from the House of Commons returning Bill Q-15, an Act to amend the Criminal Code (Race Meetings), and acquainting the Senate that they have passed this bill with one amendment to which they desire the concurrence of the Senate.

The amendment was read by the Clerk Assistant as follows:

Page 1, line 5: Strike out the words "is amended" and insert the words "as amended, is further amended".

The Hon. the Speaker: Honourable senators, when shall this amendment be taken into consideration?

Hon. Mr. Macdonald: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

CUSTOMS TARIFF SCHEDULE

(Referred to in speech of Hon. Mr. Hayden, at page 621.)

Schedule "A"

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
12b	*Sausage casings, synthetic, of paper*	10 p.c.	15 p.c.	35 p.c.	17½ p.c.	25 p.c.	35 p.c.
187	Albumenized and other papers, *textile fabrics* and films, n.o.p.; *all the foregoing* chemically prepared for photographers' use	Free	20 p.c.	30 p.c.	Free	20 p.c. (Prior to November 19, 1952.)	30 p.c.
189	Paper tubes and paper cones of all sizes, *with or without metal or plastic ends*, adapted for winding yarns thereon	Free	Free	Free	Free 10 p.c. 15 p.c.	Free 22½ p.c. 20 p.c.	Free 35 p.c. 30 p.c.
206a	(4) *Materials and articles for the manufacture of the goods specified in tariff items 206a(1), (2), and (3)*	Free	Free	Free	Various	Various	Various
237a	*Uranium in the form of pigs, ingots, billets or bars* *On and after July 1, 1958*	Free Free	Free 15 p.c.	25 p.c. 25 p.c.	Free	15 p.c.	25 p.c.
263b	Diethyl ketone, methyl normal propyl ketone *and blends thereof;* methyl ethyl ketone, furfural and methyl isobutyl ketone; all the foregoing for use only in the refining of oils	Free	Free	25 p.c.	Free 15 p.c.	Free 20 p.c.	25 p.c. 25 p.c.
290	Cement, Portland, and hydraulic or water lime, *in bulk or* in barrels, bags, or casks, the weight of the package to be included in the weight for duty per one hundred pounds	5 cts.	8 cts.	8 cts.	5 cts. 15 p.c.	8 cts. 20 p.c.	8 cts. 25 p.c.
343	Tin, in blocks, pigs, bars, *or granular form*	Free	5 p.c.	5 pc.	Free	5 p.c.	5 p.c.
345a	Zinc spelter and zinc in blocks, pigs, bars, rods, *or granular form;* zinc plates, n.o.p.....per pound	¾ ct.	1 ct.	1 ct.	¾ ct.	1 ct.	1 ct.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
352a	(1) Bells, when imported for use of churches only....	Free	Free	Free	Free	Free	Free
	(2) Bells, electronically operated or not, including amplifiers, drivers, reproducers, transformers, keyboards, automatic control coders, pealing devices (strikes), perforated roll players *and perforated rolls for such players*, all specially designed for use with such bells, but not to include separate record players, control cabinets containing record playing devices nor microphones; parts thereof; the foregoing when for use in churches only.....	Free	Free	Free	Free 17½ p.c.	Free 25 p.c.	Free 35 p.c.
353	Aluminum and alloys thereof:						
	(a) Pigs, ingots, blocks, notch bars, slabs, billets, blooms, and wire bars.....per pound	Free	2 cts.	5 cts.	Free	2 cts.	5 cts.
	(b) Bars, rods, plates, sheets, strips, circles, squares, discs and rectangles.....per pound	Free	3 cts.	7½ cts.	Free	3 cts.	7½ cts.
	(c) Angles, channels, beams, tees and other rolled, drawn or extruded sections and shapes.....	Free	22½ p.c.	30 p.c.	Free	22½ p.c.	30 p.c.
	(d) Wire and cable, twisted or stranded or not, and whether reinforced with steel or not.....	Free	22½ p.c.	30 p.c.	Free	22½ p.c.	30 p.c.
	(e) Pipes and tubes.....	Free	22½ p.c.	30 p.c.	Free	22½ p.c.	30 p.c.
	(f) Leaf, n.o.p., or foil, less than .005 inch in thickness, plain or embossed, with or without backing.	Free	30 p.c.	30 p.c.	Free	30 p.c.	30 p.c.
	(g) Aluminum powder.....	Free	30 p.c.	30 p.c.	Free	30 p.c.	30 p.c.
	(h) Aluminum leaf, less than ·005 millimetre in thickness.....	Free	Free	Free	Free	Free	Free
	(i) Aluminum scrap.....	Free	Free	Free	Free	Free	Free
	Nothing shall be deemed to be aluminum scrap except waste or refuse aluminum, fit only to be remelted.						

402	Woven or welded wire fencing, of iron or steel, *coated or not*, from wire not more than ·144 inch and not less than ·080 inch in diameter, with tolerance not to exceed ·004 inch; wire fencing, of iron or steel, coated or not, n.o.p.	Free	12½ p.c.	15 p.c.	Free 12½ p.c.	12½ p.c. 20 p.c.	15 p.c. 35 p.c.
409c	(1) Ploughs and parts thereof	Free	Free	Free	Free	Free	Free
409e	(1) Spraying and dusting machines and attachments therefor, including hand sprayers; apparatus for the destruction of predatory animals by the discharge of poisonous cartridges *and poisonous cartridges for such apparatus;* starter cartridges for diesel engines; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears; dehorning instruments; parts of the foregoing	Free	Free	Free	Free	Free	Free
409f	Grain crushers; grain or hay grinders; grain or hay dryers; milk coolers; steel stanchions for confining livestock either in pens or individually, including complete equipment for milking parlors; automatic stock watering bowls; barn litter carriers and track; sprinkler irrigation systems; barn hay forks, carriage, pulleys and track; hydraulic hoists for unloading vehicles; *hitches and couplings; plough bolts;* all the foregoing for use on the farm for farm purposes only; hay loaders; hay tedders; potato planters; potato diggers; fodder or feed cutters; ensilage cutters; post hole diggers; snaths; stumping machines; grain loaders or elevators with a capacity not exceeding 40 bushels per minute and all other agricultural implements or agricultural machinery, n.o.p.; parts of all the foregoing	Free	Free	Free	Free 10 p.c.	Free 22½ p.c.	Free 25 p.c.
409m	(1) Internal combustion tractors other than highway truck-tractors; accessories for such tractors *(not to include machines and tools for operation by tractors)*; parts of all the foregoing	Free	Free	Free	Free	Free	Free
f	(1) Machinery and appliances of iron or steel, of a class or kind not made in Canada, and elevators, and machinery of floating dredges, for use exclusively in alluvial gold mining; *parts of all the foregoing*	Free	Free	Free	Free Various	Free Various	Free Various

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
410o	(i) Coal heading machines, electric or magnetic machines for concentrating or separating iron ores, automatic scales for use with conveyors, and parts of all the foregoing, for use exclusively in mining or metallurgical operations	Free	Free	Free	Free	Free	Free
418	Machinery and *apparatus and* parts thereof, imported by manufacturers for use exclusively in the manufacture of fish meal, *liquid fish and fish solubles*, stock and poultry food and fertilizers from fish and waste thereof, in their own factories	Free	15 p.c.	20 p.c.	Free Various	15 p.c. Various	20 p.c. Various
418a	*Devices for the automatic control of the composition of sterilizing and cleaning solutions used for sterilizing and cleaning purposes in food and beverage industries and in hospitals; parts of the foregoing*	5 p.c.	12½ p.c.	30 p.c.	15 p.c.	22½ p.c.	30 p.c.
426	Ozone generators or *ozone* airifiers and parts thereof, of a class or kind not made in Canada	Free	5 p.c.	10 p.c.	Free	5 p.c.	10 p.c.
427k	(1) *Machinery, of a class or kind made in Canada, for working metal by turning, milling, grinding, drilling or boring, planing or shaping, and shearing or pressing, and accessories and attachments therefor; parts of the foregoing*	10 p.c.	22½ p.c.	35 p.c.	10 p.c. Various	22½ p.c. Various	35 p.c. Various
	(2) *Machinery, of a class or kind not made in Canada, for working metal by turning, milling, grinding, drilling or boring, planing or shaping, and shearing or pressing, and accessories and attachments therefor; parts of the foregoing*	Free	7½ p.c.	35 p.c.	Free Various	7½ p.c. Various	35 p.c. Various
428i	Governors and parts thereof for use in the manufacture of diesel locomotives	Free	7½ p.c.	30 p.c.	Free	7½ p.c.	30 p.c.

431h	Geophysical surveying precision instruments and equipment for use exclusively in prospecting for, or in the exploration and development of, petroleum, natural gas, water wells and minerals, or for geophysical studies for engineering projects, including the following: magnetometers; gravity meters and other instruments designed to measure the elements, variations and distortions of the natural gravitational force; field potentiometers, meggers, non-polarizing electrodes, and electrical equipment for making measurements in drill holes; instruments and equipment for seismic prospecting; geiger muller counters and other instruments for radioactive methods of geophysical prospecting; electrical and electronic amplifying devices and electrical thermostats designed to be used with any of the foregoing; *sodium iodide crystals, thallium activated, in rough cut blanks, when imported to be manufactured into parts for use in instruments for prospecting;* all the foregoing of a class or kind not made in Canada, and repair parts, tripods and fitted carrying cases for any of the foregoing.....	Free	Free	30 p.c.	Free 15 p.c.	Free 20 p.c.	30 p.c. 25 p.c.
437	Locomotives, cars and coaches and repair equipment, belonging to railroads, brought temporarily into Canada for clearing obstructions, fighting fires, or making emergency repairs on railway lines within Canada; detector cars and *rail flaw detector apparatus* when imported to test rail in tracks in Canada.	Free	Free	Free	..... 15 p.c.	Free 22½ p.c.	Free 30 p.c.
437a	(1) *Materials, including all parts, of a class or kind not made in Canada, used in the construction or repair of railway signal systems*.....	Free	Free	30 p.c.	15 p.c. Various	22½ plc. Various	30 p.c. Various
	(2) *Copper oxide, zinc, alkaline electrolyte, primary (wet) cell batteries, of a class or kind not made in Canada, for railway signal systems; parts of the foregoing*.....	Free	Free	27½ p.c.	15 p.c. Various	22½ p.c. Various	27½ p.c. Various
	(3) *Insulated rail joints and connections for use therewith, used in the construction or repair of railway signal systems; parts of the foregoing*.....	Free	Free	25 p.c.	$5.00 per ton Various	$7.00 per ton Various	$8.00 per ton Various
437b	*Motor rail cars or units and chassis for same, of a class or kind not made in Canada, for use on railways for the carriage of passenger, baggage, mail or express traffic; engines and transmissions for such motor rail cars or units; parts of the foregoing*..... *On and after July 1, 1956*	Free Free	Free 20 p.c.	25 p.c. 35 p.c.	Free	20 p.c.	35 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
440i	The following articles and materials when imported for use only in the manufacture, maintenance or repair of buoys and beacons for the Government of Canada, viz.: flanged and dished steel boiler plate heads over five feet in diameter; lanterns and electric flashing lights; *fog horn and other warning equipment; marine radio beacon timing equipment; actuating equipment, including low discharge storage batteries and motors; parts of all the foregoing*.....	Free	Free	Free	Free 15 p.c. Various	Free 22½ p.c. Various	Free 30 p.c. Various
441g	*Grenades, cartridges and projectiles containing tear gas or sickening gas, imported for sale to federal, provincial or municipal law enforcement authorities*.....	Free	7½ p.c.	30 p.c.	10 p.c.	22½ p.c.	30 p.c.
442	Articles and materials which enter into the cost of manufacture of the goods enumerated in tariff items 409, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409h 409i, 409j, 409k, 409l, 409m, 409n, 409o, 409q, 427b(1), 439c and *618b (1)*, when imported for use in the manufacture of the goods enumerated in the aforesaid tariff items, or in the manufacture of parts therefor, under such regulations as the Minister may prescribe.....	Free	Free	Free	Free Various	Free Various	Free Various
443b	Oven thermostats, automatic oven lighters and dual valves, for use in the manufacture of apparatus designed for cooking with gas.....	Free	10 p.c.	30 p.c.	Free	10 p.c.	30 p.c.
443d	Gas control devices for use on cooking apparatus, or on apparatus for heating buildings, *or on apparatus for heating water, or on apparatus for refrigeration*, or in the gas line between such apparatus and the meter, *or in the gas line between such apparatus and the consumer's gas storage device;* gas control devices for the manufacture or repair of, or for conversion to, gas-fired apparatus for cooking, or for heating buildings, *or for heating water, or for refrigeration;* parts of all the foregoing:						
	1. When of a class or kind not made in Canada.....	Free	5 p.c.	30 p.c.	Free	7½ p.c.	30 p.c.
	2. When of a class or kind made in Canada.....	Free	10 p.c.	30 p.c.	Free Various	10 p.c. Various	30 p.c. Various

445r	Apparatus for the receiving and transmitting of photographs, *weather maps and charts*, by wire; *parts of the foregoing*	Free	Free	30 p.c.	Free 15 p.c.	Free 22½ p.c.	30 p.c. 30 p.c.
446k	Tools, *wholly or in part* of iron or steel, n.o.p., of a class or kind not made in Canada for use in machines	Free	7½ p.c.	35 p.c.	Free 10 p.c.	10 p.c. 22½ p.c.	35 p.c. 35 p.c.
451	Buckles, clasps, eyelets, hooks and eyes, dome, snap or other fasteners of iron, steel, brass or other metal, coated or not, n.o.p. (not being jewellery); *parts o all the foregoing*	15 p.c.	22½ p.c.	30 p.c.	15 p.c. 15 p.c. Various	22½ p.c. 22½ p.c. Various	30 p.c. 45 p.c. Various
453a	Metal parts, n.o.p., in any degree of manufacture but not coated, plated nor covered in any manner, for use in the manufacture of spectacle cases and jewellery boxes; *hinges of any material, finished or not, for use in the manufacture of spectacle cases and jewellery boxes*	Free	12½ p.c.	35 p.c.	Free	12½ p.c.	35 p.c.
476a	Glassware and other scientific apparatus for laboratory work in public hospitals; chairs and tables for surgical operating purposes and parts thereof; infant incubators and parts thereof; *infant and patient identification tapes and ribbons of any material;* infant identification bead sets including cases, and parts thereof; electrocardiographs and parts thereof, and sensitized film and paper for use therein; electroencephalographic paper; apparatus for sterilizing purposes, including bedpan washers and sterilizers but not including washing nor laundry machines; all for the use of any public hospital, under such regulations as the Minister may prescribe	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 30 p.c.
480a	Invalid chairs, with wheels; *invalid chairs, designed to be used with wheels;* parts of the foregoing including motive power *and wheel assemblies* and parts thereof.	Free	10 p.c.	15 p.c.	Free 15 p.c.	10 p.c 25 p.c.	15 p.c. 45 p.c.
499a	Nut shells; nut shell flour, wood flour, bark flour, and mixtures thereof; *corn cob granules or flour*	Free	Free	20 p.c.	Free 15 p.c.	Free 20 p.c.	20 p.c. 25 p.c.
535e	Vegetable fibres, *horse hair, and mixtures of vegetable fibres and horse hair*, for use exclusively in the manufacture of brooms and brushes	Free	Free	7½ p.c.	Free Free Free 15 p.c.	5 p.c. Free 10 p.c. 20 p.c.	7½ p.c. Free 17½ p.c. 25 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
546a	*Woven jute fabric, impregnated, imported in lengths not more than three feet each*	Free	5 p.c.	15 p.c.	12½ p.c.	22½ p.c.	30 p.c.
561	Woven fabrics wholly or in part of synthetic textile fibres or filaments, not containing wool, not including fabrics in chief part by weight of silk, n.o.p.	27½ p.c.	40 p.c.	45 p.c.	27½ p.c.	40 p.c.	45 p.c.
	and, per pound	....	40 cts.	40 cts.	.....	40 cts.	40 cts.
	Woven fabrics containing five per cent or less, by weight, of synthetic textile *fibres* or filaments are not dutiable under this item, but are dutiable as though such fabrics were composed only of the remaining constituents.						
569d	(1) Woven fabrics, not exceeding three inches in width, made with unserrated selvages, generally known as single, double or four shot corded ribbon, imported by the manufacturers of men's hats for use exclusively in their own factories in making the bands for, or in binding the edges of, men's hats only	Free	Free	Free	Free 22½ p.c.	Free 25 p.c.	Free 35 p.c.
	2) Woven fabrics, pleated or folded, sewn or not, in widths not exceeding three inches after pleating or folding, imported by manufacturers of men's hats for use in their own factories in making bands for men's hats only	Free	Free	Free	Free	Free	Free
579	*Buffing and polishing wheels or discs:*						
	(1) *The component of chief value being cotton*	25 p.c.	25 p.c.	35 p.c.	25 p.c.	25 p.c.	35 p.c.
	and, per pound	.....	.....	4 cts.	.....	.....	4 cts.
	(2) *The component of chief value being wool*	10 p.c.	12½ p.c.	35 p.c.	25 p.c.	27½ p.c.	40 p.c. and 35 cts. per lb.
618b	Tires and tubes, wholly or in part of rubber:						
	(1) For *equipment* of the agricultural implements and agricultural machinery specified in tariff items 409b, 409c, 409d, 409e, 409f, 409h, 409j, 409l, and the tractors provided for in tariff item 409m	Free	Free	Free	Free	Free	Free
	(2) N.o.p.	20 p.c.	22½ p.c.	35 p.c.	20 p.c.	22½ p.c.	35 p.c.

660a	*Synthetic resin* or cellulose plastic sheets *or plates, coated or not,* with *or without* turned edges, for the production of engravings for use by printers.....	Free	7½ p.c.	30 p.c.	Free 15 p.c.	7½ p.c. 20 p.c.	30 p.c. 30 p.c.
696	(1) Philosophical and scientific apparatus (and ancillary equipment thereto), utensils, instruments, and preparations, including boxes and bottles containing the same; maps, charts, photographic reproductions and other pictorial illustrations, casts as models, animals as research or experimental subjects; living plants, seeds, cuttings, buds, scions, tubers, bulbs and root-stock; mechanical equipment of a class or kind not made in Canada; parts of the foregoing. All articles in this item, when for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use and by order of any public hospital, college, academy, school, or seminary of learning in Canada, and not for sale *or for rental*, under such regulations as the Minister may prescribe.....	Free	Free	Free	Free	Free	Free
696a	Moving picture films, sound or silent, separate sound film track, slides and slide films, positive or negative; sound discs, records and transcriptions; models, static and moving; wall charts, maps and posters; *when certified by a recognized representative authority of the Government of Canada* or when certified by the Government or by a recognized representative authority of the Government of the country of production or by an appropriate representative of the United Nations Educational, Scientific and Cultural Organization as being of an international educational, scientific or cultural character; subject to such regulations as the Minister may prescribe..	Free	Free	Free	Free	Free	Free
703	*(c)* Goods (not including alcoholic beverages, cigars, cigarettes or manufactured tobacco) imported by *employees of the Canadian Government or* by members of the Canadian Armed Forces after an absence from Canada of not less than one year and acquired by them for personal or household use and actually owned abroad by them for at least six months before their return to Canada, under such regulations as the Minister may prescribe..... Any such goods that are sold or otherwise disposed of within twelve months after importation are subject to the duties and taxes otherwise prescribed.	Free	Free	Free	Free	Free	Free

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
704	*(a)* Apparel, wearing and other personal and household effects not merchandise, of British subjects dying abroad, but domiciled in Canada; books, pictures, family plate or furniture, personal effects and heirlooms left by bequest to any resident of Canada, or acquired by any resident of Canada, as a result of the death of any person resident abroad, or as a gift in anticipation of the death of any such person; all such goods or articles when given as a free gift by anyone resident abroad to a resident of Canada; the Minister to be the sole judge as to whether any goods or any article imported is to be classified as entitled to the benefit of this item or not.....	Free	Free	Free	Free	Free	Free
	(b) Personal gifts, not exceeding twnety-five dollars in value and not including cigarettes, tobacco and alcoholic beverages, from members of the Canadian Forces serving abroad, to relatives or friends in Canada.....	Free	Free	Free	Free Various	Free Various	Free Various
705a	Settlers' effects, viz.: Machines and implements for agricultural purposes, moved by mechanical power, and motor vehicles valued at not more than *twenty-five hundred dollars*, and boats for fishing purposes, if actually owned abroad by the settler for at least six months before his removal to Canada, and subject to regulations prescribed by the Minister of National Revenue.....	Free	Free	Free	Free Free	Free 17½ p c	Free 27½ p.c
	In respect to motor vehicles valued in excess of *twenty-five hundred dollars* duty shall be payable only on the amount in excess of *twenty-five hundred dollars*.						
	The said machines, vehicles, implements and boats may not be so entered unless brought by the settler on his first arrival, and shall not be sold or otherwise disposed of without payment of duty until after twelve months' actual use in Canada.						

708b	*Arms, military stores and munitions of war imported by the Government of Canada in replacement of or in anticipation or actual exchange for similar goods loaned to or exchanged or to be exchanged with the governments of a British Commonwealth country or a foreign country designated by the Governor in Council under tariff item 708, under such regulations as the Minister may prescribe*	Free	Free	Free	Various	Various	Various
848	(2) *Machinery and apparatus and parts thereof (including motive power) and drilling mud, for use in the exploration, discovery, development and operation of potash and rock salt mines and for use in the production of muriate of potash and in the production of crushed and screened rock salt*	Free	Free	Free	10 p.c. Free Various	22½ p.c. 7½ p.c. Various	35 p.c. 35 p.c. Various
	(3) *Seamless, lapwelded and electric welded iron or steel casing, tubing and drill pipe, of a class or kind not made in Canada, used in connection with the exploration, discovery, development and operation of potash and rock salt mines and for use in the production of muriate of potash and in the production of crushed and screened rock salt*	Free	Free	Free	15 p.c. 10 p.c. Various	22½ p.c. 15 p.c. Various	30 p.c. 20 p.c. Various
	(4) Materials for use in the manufacture of the goods enumerated in tariff items 848 (1), *(2) and (3)*	Free	Free	Free	Free Various	Free Various	Free Various

3. Resolved, that Schedule B to the Customs Tariff be amended by striking thereout tariff items 1004, 1008, 1010, 1013, 1019, 1021, 1022, 1024, 1032, 1033, 1037, 1038, 1039, 1048, 1049, 1052, 1061, 1066 and 1068, the enumerations of goods and the rates of drawback of customs duties set opposite to the said items, and by inserting the following items, enumerations and rates of drawback of customs duties in said Schedule B:

Item No.	Goods	When Subject to Drawback	Portion of Duty (not including Special Duty or Dumping Duty) Payable as Drawback
1044	*Fire clay fire brick*	When used by basic producers of iron or steel in the construction or repair of blast furnaces, open hearth furnaces (including checker chambers), electric furnaces, blast furnace stoves, soaking pit furnaces and rolling mill furnaces or in the construction or repair of ladles used with any of the foregoing furnaces	99 p.c.
1052	Machinery and *precision instruments and apparatus for heat treating, welding, sorting, testing, inspecting or correcting; control panels for use with the aforementioned machinery and precision instruments and apparatus;* all the foregoing, either new or used, of a class or kind not made in Canada and all parts thereof, not including consumable tools.	When for use in the plants of manufacturers of automobiles and motor vehicles or of automobile or motor vehicle parts for the manufacture of automobiles and motor vehicles or of automobile or motor vehicle parts	99 p.c.

4. Resolved, that any enactment founded upon the foregoing resolutions shall be deemed to have come into force on the seventh day of April, one thousand nine hundred and fifty-four, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

THE SENATE

Wednesday, June 16, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers .

Routine proceedings.

CRIMINAL CODE BILL

AMENDMENTS CONCURRED IN BY COMMONS

A message was received from the House of Commons returning Bill 7, an Act respecting the criminal law, and acquainting the Senate that they have agreed to the amendments made by the Senate to this bill, without amendment.

PRIVATE BILL

CANADIAN SLOVAK LEAGUE—COMMONS AMENDMENT

A message was received from the House of Commons returning Bill N-15, an Act to incorporate Canadian Slovak League, and acquainting the Senate that they have passed this bill with one amendment to which they desire the concurrence of the Senate.

The amendment was read by the Clerk Assistant as follows:

Page 2, lines 41, 42 and 43:
Strike out the following:
"Only persons deemed by the Society to be loyal to the free institutions of Canada and to the Christian and democratic traditions of the Slovak nation,"
and insert:
"Only persons deemed by the Society to be of Slovak origin and loyal to the free institutions of Canada and Christian and democratic traditions,"

The Hon. the Speaker: Honourable senators, when shall the amendment be taken into consideration?

Hon. Mr. Macdonald: Next sitting.

CRIMINAL CODE

REPORT OF JOINT COMMITTEE ON CERTAIN QUESTIONS OF CRIMINAL LAW

Hon. Mr. Hayden, Joint Chairman of the Special Joint Committee of the Senate and House of Commons on Capital and Corporal Punishment and Lotteries, presented the third report of the committee.

The Clerk Assistant (reading):

The Special Joint Committee of the Senate and the House of Commons—

Hon. Mr. Macdonald: Dispense.

The report is as follows:

The Special Joint Committee of the Senate and the House of Commons on Capital and Corporal Punishment and Lotteries begs leave to present the following as its third report.

On January 12, 1954, the House of Commons passed the following resolution:

That a Joint Committee of both Houses of Parliament be appointed to inquire into and report upon the questions whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment or (c) lotteries should be amended in any respect and, if so, in what manner and to what extent;

That 17 members of the House of Commons, to be designated at a later date, be members of the Joint Committee on the part of this house and that Standing Order 65 of the House of Commons be suspended in relation thereto;

That the committee have power to appoint, from among its members, such subcommittees as may be deemed advisable or necessary; to call for persons, papers and records; to sit while the house is sitting and to report from time to time;

That the committee have power to print such papers and evidence from day to day as may be ordered by the committee for the use of the committee and of parliament, and that Standing Order 64 of the House of Commons be suspended in relation thereto;

And that a message be sent to the Senate requesting that house to unite with this house for the above purpose and to select, if the Senate deems advisable, some of its members to act on the proposed Joint Committee.

The following members of the House of Commons were subsequently appointed to the Joint Committee:

Messrs. Boisvert, Brown (*Brantford*), Brown (*Essex West*), Cameron (*High Park*), Decore, Dupuis, Fairey, Fulton, Garson, Lusby Mitchell (*London*), Montgomery, Murphy (*Westmorland*), Shaw, Thatcher, Valois and Winch.

On February 10, 1954, the following resolution was adopted in the Senate:

That the Senate do unite with the House of Commons in the appointment of a Joint Committee of both Houses of Parliament to inquire into and report upon the questions whether the criminal law of Canada relating to (a) capital punishment, (b) corporal punishment or (c) lotteries, should be amended in any respect and, if so, in what manner and to what extent:

That the following senators be appointed on behalf of the Senate on the said Joint Committee, namely, the Honourable Senators Aseltine, Beauregard, Bouffard, Farris, Ferguson, Hayden, Hodges, McDonald, Roebuck and Veniot.

That the committee have power to appoint, from among its members, such subcommittees as may be deemed advisable or necessary and to sit while the House is sitting.

That the committee have power to print such papers and evidence from day to day as may be ordered by the committee for the use of the committee and of parliament.

That the committee have power to send for persons, papers and records, and to report to the Senate from time to time. That a message be sent to the House of Commons to inform that house accordingly.

On March 2, 1954, both houses of parliament authorized the committee to retain the services of counsel.

The original membership of the committee was changed on February 15 by the substitution of Mrs.

Ann Shipley, M.P., for Mr. John Decore, M.P., and on March 5 by the substitution of Miss Sybil Bennett, M.P., for Mr. G. W. Montgomery, M.P.

On February 17, the committee established a subcommittee on Agenda and Procedure which was authorized, upon the adoption of its first and second Reports, to prepare and arrange a schedule of witnesses with sittings to be held twice weekly insofar as practicable.

The committee held its first sitting on February 17 for preliminary organization, meeting thereafter at least twice weekly, except during the Easter recess of parliament, until June 2 when the last public hearing was held. Thereafter, the committee's proceedings were devoted to preparing its report. In all, the committee held 30 meetings, all of which were in open session excepting parts of those meetings devoted to discussions on procedure or to preparation of its report. The subcommittee held 17 meetings relating to the agenda and procedure of the Committee.

During the course of its inquiries, the committee adduced evidence from individuals, organizations, and governmental sources indicated in Schedule A of the last issue (No. 18) of the committee's printed proceedings. The committee also had access to reports and documents, acquired or ordered for reference by the committee, as listed in Schedule B of the same issue of the proceedings. In addition, the committee received over 300 miscellaneous reresentations in the form of letters, resolutions, and petitions from individuals and organizations all across Canada which were considered and analyzed by the Subcommittee on Agenda and Procedure for possible evidence or sources of information.

The committee wishes to express its gratitude for the valuable assistance received from witnesses, individuals, organizations and provincial governments who made oral representations or submitted written evidence to the committee. In addition, the committee very much appreciates the assistance received from the Department of Justice, counsel to the committee, and the committees branches of both houses of parliament for their contributions in facilitating the work and proceedings of the Committee.

The committee, recognizing that it is in the national interest to have a well informed public opinion concerning the three subject matters it has been considering, desires to express its appreciation of the contribution made to this end by the extensive and fair coverage given its proceedings by the press and radio of Canada.

The committee urges that all national organizations interested in the problems before it, formulate their views during the parliamentary recess and prepare to make their considered opinions known to the committee at the next session.

The committee finds that it will not be able to complete at the current session of this parliament its inquiries into the matters referred to it for report and, accordingly, recommends:

1. That a corresponding committee be established and appointed early in the next session of this Parliament to resume the studies and continue the inquiries initiated by this committee.

2. That the government, in co-operation and consultation with the provincial governments, consider the question of the revision of existing reporting and compilation procedures relating to criminal statistics.

3. That the services of counsel to the committee be retained on the same basis as presently authorized until the end of the current session of parliament for the purpose of completing certain inquiries already instituted.

A copy of the committee's Minutes of Proceedings and Evidence is tabled herewith.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Aseltine: Next sitting.

INCOME TAX BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the commitee on Bill 467.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (467 from the House of Commons) intituled: "An Act to amend The Income Tax Act", beg leave to report as follows:

Your committee recommend that they be authorized to print 500 copies in English and 200 copies in French of its proceedings on the said bill, and that Rule 100 be suspended in relation to the said printing.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden: I move that the report be concurred in now.

The motion was agreed to.

INCOME TAX BILL

REPORT OF COMMITTEE—AMENDMENTS CONCURRED IN

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 467.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (467 from the House of Commons) intituled: "An Act to amend the Income Tax Act", have in obedience to the order of reference of June 15, 1954, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 1, line 4: strike out the words "Subsection (1) of".

2. Page 2, line 39: after the word "amount" insert the word "actually".

3. Page 11, lines 24 and 25: delete lines 24 and 25 and substitute therefore the following:—

"(B) The said section 68A (except paragraphs (a) and (b) thereof in the case of a mutual insurance corporation) is applicable in the case of a resident corporation".

4. Page 18, lines 13 to 16 both inclusive: delete subclause (2) of clause 26 and substitute therefor the following:—

"(2) This section is applicable

(a) to any acquisition of shares on or after May 31, 1954, and

(b) to any redemption of shares on or after July 31, 1954, other than an acquisition or redemption

(c) where the shares were issued on or before February 19, 1953, and

(d) where the maximum amount payable by the corporation in respect of the redemption or acquisition of the shares was fixed, by or in accordance with the law under which the corporation was incorporated, on or before February 19, 1953, and has not been increased since that day".

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Hayden moved concurrence in the amendments.

He said: Honourable senators, I think I should give you a word of explanation on these amendments. There are four of them, but only two are important.

Substantially, one amendment has to do with section 15 of the bill, which deals with the taxation of mutual insurance corporations following the decision of the Supreme Court of Canada in the Stanley Mutual Fire Insurance case. The bill as it came to us from the Commons contained amongst its features an exemption of what are called resident corporations in relation to underwriting profits for the years 1947 to 1953 inclusive. If this had been approved by the Senate, having regard to the wording of the section, not only mutual companies other than life, but all resident insurance companies other than life, would have been entitled to the benefit of this exemption, and this would have included mutual and stock insurance companies other than life companies. When this was pointed out to the officials and the minister, and that the section might carry a much broader meaning than was intended, the departmental officers had another look at it and decided that that was quite true. Therefore we have the amendment which now restricts the application of the exemption for the period 1947 to 1953 inclusive, in relation to underwriting profits, to resident mutual insurance corporations. In the absence of some such provision, there could very well have been a further substantial refund by the department in respect of taxes paid by stock insurance corporations resident in Canada during the period 1947 to 1953.

The other important amendment has to do with the premium on redemption of preferred shares. Last year an amendment was enacted under which a company whose shares were being redeemed could pay a 20 per cent tax on the amount of the premium, and the premium would then go to the shareholder as tax-paid income. A further amendment was proposed by which, in all cases where the premium on the redemption of preferred shares is in excess of 10 per cent, the tax shall be 30 per cent. The department now wishes to revise that, and the amendment will have the following effect. In connection with any redemptions of preferred shares after the date of the original amendment, which was in February of last year, the 30 per cent tax will apply where the premium is in excess of 10 per cent. After this bill becomes law, shares redeemed at a premium in excess of 10 per cent and which had been created with that percentage of premium prior to the enactment last year, will be governed by the original enactment and the tax will be 20 per cent and not 30 per cent. They are just drawing the line so that it could not be said that certain companies set up such a capital structure, prior to the enactment of the remedial legislation last year, while having one eye on this section. On the other hand, it could very well be said that companies which created preferred shares with a premium on redemption higher than 10 per cent or which increased the premium payable on redemption since the amendment came into effect last year, might possibly have done so with one eye on the benefit being conferred in the section being enacted. So the object is to divide one from the other, and the amendment proposed does that.

As to the other two amendments, one has reference to a subsection which did not exist. We therefore struck that reference out. The other amendment simply involves inserting the word "actually" in a sentence so as to make a necessary distinction very clear.

The motion was agreed to, and the amendments were concurred in.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill, as amended, be read the third time?

Hon. Mr. Hayden: I move the third reading now.

The motion was agreed to, and the bill, as amended, was read the third time, and passed.

CUSTOMS TARIFF BILL

THIRD READING

Hon. Salter A. Hayden moved the third reading of Bill 468, an Act to amend the Customs Tariff.

The motion was agreed to, and the bill was read the third time, and passed.

EXCISE TAX BILL

SECOND READING

Hon. John J. Connolly moved the second reading of Bill 447, an Act to amend the Excise Tax Act.

He said: Honourable senators, the tax reductions in this year's budget will benefit Canadian taxpayers to the extent of some $36 million. Of this amount, $33 million will arise from proposed changes in the legislation which we are to consider in this bill. A convenient summary of the proposed changes may be found in the resolution to amend the Excise Tax Act introduced in the other house on Tuesday, May 18, of this year, and appearing in the House of Commons *Hansard* at page 4815. By way of summary, the proposals are roughly as follows: First: A repeal of the tax on some 15 items, including furs, electrical appliances, firearms, some sporting equipment, oil and gas burners, coal crushers, certain road equipment used by municipalities, and other items, which will be discussed later. Second: a reduction of the tax on 16 items, including toilet preparations, motorcycles, smokers' accessories, pens, tires, clocks and some dishware. Third: alterations in the tax on the packaging used to contain certain goods, and on machines and tools for operation by tractors.

When I was preparing the material for the explanation of this bill I was curious about the history of the word "excise," but there was very little of interest in the etymology of the word. However, I read something about its early history in England. The excise was originally a vehicle employed by the early Stuart kings to raise revenue for their purposes. Even in those days it was considered to be a temporary measure, but it seems to have acquired somewhat of a permanent position in our tax structure today. It was introduced in Scotland in the early days of the 17th century, and according to the records it was collected in that country with great difficulty, particularly in the Highlands, for it is said that the Highlanders gave the excise man a very unhappy time.

Hon. Mr. Reid: And they always opposed taxation.

Hon. Mr. Connolly: I think excise must have been unpopular everywhere, because Dr. Johnson defines it in his dictionary as "a hateful tax levelled upon commodities." However, as the purpose of this bill is mainly tax reduction to the extent of some $33 million, I think perhaps we will not have too obnoxious a task to perform this afternoon.

Before I discuss the bill I would think it quite appropriate to say that the minister and the officials in the Department of National Revenue who are charged with the administration of this legislation, perform their duties in a manner which I am sure is considered to be a credit to the public service of this country by every member of this chamber.

Hon. Senators: Hear, hear.

Hon. Mr. Connolly: The collection of taxes is never either a popular or a popularizing procedure, but I know of no other department of government where the rule of law is applied more generally than it is in the Department of National Revenue. In some cases discretions are available to the officials, but the fairness, equity and accommodation which they show, as far as their duty and the law will permit, is something which I think we should from time to time record with approval in this chamber.

Honourable senators, the Excise Tax Act, which is Chapter 100 of the Revised Statutes of Canada, was formerly known as the Special War Revenue Act. There are in the mother act some sixty-seven sections and four schedules. I think it important at this time to mention the general scheme of the act in order to get the context of the parts to be amended.

Part I deals with taxes on insurance premiums, and is the one part of the act that is not administered in the Department of National Revenue but in the Department of Finance, through the Superintendent of Insurance.

Part II, which was abolished last year, dealt with taxes on cheques and negotiable instruments. Part III, which was also abolished last year, dealt with security transfer tax. I mention those two parts because they are referred to in the amendments which we are to consider.

Part IV deals with certain specified commodities, such as automobiles, toilet articles, lighters, pens, smokers' accessories, jewelry, clocks and candy, which are generally set out in Schedule I to the bill.

Part V deals specifically with playing cards and wines. Part VI has to do with sales tax, or consumption tax; and Part VII is the general section which deals with regulations, licences, refunds and drawbacks on exported and exempt goods, the keeping of records, penalties, procedure and appeals.

That, honourable senators, is a general survey of the act to be amended by this bill.

The bill itself contains fifteen sections. Nine of the suggested amendments result from budgetary changes, five are administrative changes, and one restores a section which was dropped by inadvertence last year. Perhaps I should deal with the last item first, because it is not of any great consequence. It is to

be found in section 2. It prescribes who shall sign returns made by insurance companies in connection with the taxes on insurance premiums. It is not a matter that we need bother too much about.

With your permission, honourable senators, I shall deal first with the administrative changes, and afterwards with the budgetary changes. Although this will necessitate taking certain sections out of their normal order in the bill, it will be more convenient to follow the amendments in this way.

Section 8 repeals section 39 of the act. Playing cards are the only commodity upon which a tax is now collected by means of stamps. It is proposed that the provision requiring the use of stamps might better be left to the direction of the minister than be provided for in the act. The section proposes that administrative change.

Section 9 simply provides a heading between two sections of the act. Section 44 of the act deals with tax exemptions on exported goods; and section 45 deals with the liability of the crown for excise and sales taxes. The purpose of the amendment is to insert a heading between these two sections saying that section 45 deals with the liability of the crown.

Section 11 of the bill amends section 50 of the act by adding two new subsections. By the first of these subsections there is provided a set-off of any money due to a taxpayer from the crown against any sum due by a taxpayer to the crown under the act. Perhaps I might best illustrate that by way of an example. If a taxpayer has a contract with the Department of Defence Production under which he is owed, let us say, $1,000, but he owes an excise tax of $200, perhaps for the very goods that have gone into the production of the goods on the contract with the Department of Defence Production, the amendment provides that instead of his being paid $1,000 there can be a set-off, so that his tax will be paid and he will receive the difference. It seems to be an equitable provision and is in the interests of safeguarding the revenue of the country.

The second subsection in section 11 deals with the case where fines are levied against a corporation in a criminal proceeding for an offence under the Excise Tax Act. As honourable senators know, when fines are levied against individuals, the alternative to the fine is a jail sentence. Now, a jail sentence cannot be carried out against a corporation. It is provided here that if a fine is levied and is not paid in the normal course by a corporation, the judgment of the criminal court can be taken to the Exchequer Court of Canada and made a judgment of record in that court. Proceedings to execute on the judgment so made of record under the Exchequer Court rules can then be taken.

Hon. Mr. Farquhar: In what way?

Hon. Mr. Connolly: Perhaps I might give an example. Corporation X is fined for an offence under the act in a magistrate's court, let us say, but does not pay the fine. The judgment of the magistrate's court can then be taken to the Exchequer Court of Canada and, through the procedure proposed, it will become a judgment of the Exchequer Court. The rules of the Exchequer Court provide methods for a seizure and a sale of assets, if necessary, in order to realize on the judgment of the court. The amount of the judgment of the Exchequer Court in the case I mentioned would be the amount of the fine plus whatever costs were incurred in the attempt to make the collection.

Hon. Mr. Bouffard: May the registration of the judgment in the Exchequer Court be made before the time for appeal has elapsed, or may it be made right away?

Hon. Mr. Connolly: I would think that the time within which the appeal can be taken must first elapse. As my honourable friend knows—and I think probably that is the reason for the question—execution seldom takes place in the civil courts until such time as the period for appeal has expired, and generally speaking that is the position. I think the usual rules applicable to executions in civil proceedings would apply in this case.

Section 12 is the next section to be considered. It repeals section 52, which has to do with penalties imposed under parts II and III of the act. Part II provides for the placing of stamps on cheques and negotiable instruments, and Part III provides for a securities transfer tax. Since both these parts have been repealed, the penalty section 52 is no longer required and so it is being washed out.

Section 13 of the bill provides a time limit within which the minister is entitled to lay a complaint for violation of the act. Normally the minister can lay a complaint within three years from the time when the subject-matter of the complaint first arose. Difficulties arise, of course, at times when the discovery is not made within the three-year period. Under the act as it now stands the minister can always lay a complaint within six months after he discovers the subject-matter of the complaint, even if the discovery is made outside of the period of three years. It is now proposed to extend that period of

six months to a year. In other words, by this amendment the minister would be allowed a period of one year after he discovers the subject-matter of a complaint, any time after the initial three-year period, within which to lay a charge in the criminal courts. I may say that the section here is being made to conform to section 136, subsection 4, of the Income Tax Act.

I come now, honourable senators, to the budgetary changes that are proposed by this bill.

Section 1 proposes that purchasing authorities for the Northwest Territories and the Yukon be placed on the same basis as provincial governments with respect to exemption from excise taxes. Section 46 of the present act provides certain exemptions from excise taxes for provincial governments, and it is now proposed that those exemptions be available to the administration of the Northwest Territories and the Yukon.

Section 3 provides that both as to goods of domestic manufacture and imported goods the excise tax shall apply not only to the goods themselves but as well to the packaging and also to any premium goods sold with goods which attract the excise tax. Here, perhaps, I should pause for a moment to explain that the reason for this amendment is that some time ago the Tariff Board ruled that certain goods—goods alone—imported in packages were dutiable for tariff purposes under the appropriate section, and that packaging was not dutiable in the section. The result was that the excise tax could be imposed upon the goods only, not upon the packaging, and this condition was deemed unfair to the Canadian manufacturer, whose packaged goods—that is, both the goods and the package—attracted the tax. For that reason this amendment is proposed, along with a similar amendment by section 6 of the bill in connection with the sales tax.

Section 4 provides for a rather unusual situation. Under the law as it stands, lighter fluids packaged and sold under a trade name attract excise tax, and the person who so packages and sells them under a trade name is deemed to be a manufacturer. But a person who buys in bulk the volatile fluids that can be used for cigarette and cigar lighters, breaks the bulk, and puts up the fluid in packages, is not considered to be a manufacturer. The purpose of the section is to put this latter type of merchant in the same class as the man who sells lighter fluids under a trade name in a container for the use of the taxpayer.

Section 5 of the bill repeals sections 24 and 25 of the act. These sections deal with the tax on furs, and that tax is abolished by this bill.

Section 7 of the bill deletes from section 32 of the act the two words "or importation". The reason is this: Under Schedule IV of the act, goods manufactured in Canada by the blind, the deaf or the dumb attract only 50 per cent of the tax normally levied under the act. The words "or importation" have no place in the section, because if the goods are manufactured in Canada by the blind, the deaf or the dumb, obviously they cannot be "goods imported".

A further amendment in the same section provides for exemption from sales tax of certain types of goods imported into Canada under items 704 and 708 of the tariff. Under item 704 of the tariff, goods of a personal or of a household nature bequeathed to a Canadian resident by a resident of another country dying abroad are allowed entry duty-free. Heretofore they have attracted excise tax because of the fact of their importation. It is now proposed that they should not attract that tax. The same exemption is to apply to importations by NATO forces in Canada for whom goods are brought in under what is called the Status of Forces Act.

By section 10 it is proposed to apply the drawback rather than the refund procedure when goods for ships' stores or for aircraft are purchased in Canada. I am informed that the drawback procedure is more satisfactory, not only from a departmental but from the taxpayers' point of view.

The only other point I will mention in this very disjointed type of explanation is connected with the three schedules, which will be found at the back of the bill. Schedule I lists items which are subject to income tax, and the tax applied is an *ad valorem* tax. Schedule II lists the goods which are subject to excise tax and to which a specific tax is applied, that tax being one based on weight or measurement. Schedule III contains the exemptions; and I may say that this schedule has been completely redrawn. The entire list of exemptions is rewritten, with the additional items that have been exempted from the tax, as a result of this year's budget.

If the honourable senators will refer to Schedule I, they will observe that for the most part the tax reductions are from 15 to 10 per cent.

As regards Schedule II, one item has been changed, the tax on carbonic acid gas and similar preparations for aerating non-alcoholic beverages having been reduced from 25 cents to 15 cents per pound.

I do not propose to comment on Schedule III, other than to mention that the additional exemptions are underlined, and that the schedule contains a complete list of all articles which are now to be exempt from tax under the Excise Tax Act.

Hon. Mr. Reid: Has the honourable senator any information as to the amounts of money collected on radios, television sets and other dutiable goods? For instance, what amount was received by way of sales tax as against excise taxes? Can the honourable senator give us the total for last year?

Hon. Mr. Connolly: The total excise taxes collected under the act for the fiscal year 1953-54 were $1,052,502,931. The amount of sales tax collected in the same fiscal period, according to my information, was $755,237,251. On television sets in the same fiscal period the amount collected was $11,710,222. Perhaps I should add, as I assume that my honourable friend is interested in the amounts that are earmarked for the Canadian Broadcasting Corporation, that $5,060,778 was collected on radios, phonographs and record players.

Hon. Paul H. Bouffard: Honourable senators, I do not intend to speak at length in connection with this bill, for I expect that it will be referred to committee where certain amendments could possibly be made to it.

I should like to commend the government for reducing the tax on certain articles, but I want to refer to two sections of the bill which seem to me to go a little too far.

Subsection (2) of section 11 amends section 50 of the act by adding thereto the following subsection:

(13) Where a corporation has been convicted of an offence under this act and a pecuniary penalty has been imposed by the conviction, the amount of the penalty may, by filing the conviction or a certified copy thereof in the Exchequer Court of Canada, be entered as a judgment of that court, and that judgment is enforceable against the accused in the same manner as if it were a judgment rendered against the accused in that court in civil proceedings.

I may be wrong, but I am inclined to think that if a person who has been convicted has a right of appeal, the time limit for filing his appeal should elapse before his conviction can be entered as a judgment of the Exchequer Court. This section goes so far as to provide that if a convicted person has appealed the conviction may be entered as a judgment of the Exchequer Court and the judgment executed before the appeal has been decided. It seems to me that the conviction should not be entered as a judgment of the Exchequer Court pending the time of appeal or during the appeal. The Income Tax Act provides that a judgment of the Exchequer Court may be executed, even if an appeal has been launched, so I think it is perfectly unreasonable to start all over again, when dealing with the Excise Tax Act, to have judgments executed before final disposition of an appeal.

I refer now to section 13 of the bill, which provides that section 62 of the act be repealed and the following substituted therefor:

62. An information or complaint under the provisions of the Criminal Code relating to summary convictions, in respect of an offence under this Act may be laid or made on or before a day three years from the time when the matter of the information or complaint arose or within one year from the day on which evidence, sufficient in the opinion of the Minister to justify a prosecution of the offence, came to his knowledge, and the minister's certificate as to the day on which such evidence came to his knowledge is conclusive evidence thereof.

How soon must the complaint be laid? Is it within three years, for instance, or could it be a year after the minister has got the necessary information? It seems to me that the department has a choice, and if that is so a period of even ten years may elapse after an offence has been committed before a complaint is laid, so long as the minister issues a certificate to the effect that he has not had knowledge of the offence for more than a year. Honourable senators will observe that the word "notice" is left out of the proposed new section 62, which says a complaint may be laid:

—within one year from the day on which evidence sufficient in the opinion of the minister to justify a prosecution for the offence, came to his knowledge . . .

It seems to me that the period which may elapse before a complaint is laid is rather extensive. It may be three, ten or even twenty years so long as the minister certifies that he has not had knowledge of the offence for more than a year; yet that knowledge could be in his department for a long time without coming to his notice.

I feel that the two sections I have referred to should be given further consideration in committee.

Hon. John T. Haig: Honourable senators, anticipating that the sponsor of this bill (Hon. Mr. Connolly) intends to refer it to committee, I would request him to ask the appropriate departmental officials to outline the principle under which these reductions are being proposed. After listening in the other house to the Minister of Finance I had the impression that these reductions deal for the most part with articles upon which the government has not been getting large sums of

money. Evidently, businesses handling so-called luxury goods near border points have been suffering owing to the fact that visitors from other countries, especially the United States, have been able to return to their own countries with a certain amount of tax-free goods. I would also like the departmental officials to give the committee full particulars about such luxury items as fur and jewellery.

Hon. Mr. Connolly: Honourable senators—

The Hon. the Speaker: I draw the attention of the house to the fact that if the honourable gentleman from Ottawa West (Hon. Mr. Connolly) speaks now he will close the debate.

Hon. Mr. Connolly: Honourable senators, with reference to the remarks of the honourable Leader of the Opposition (Hon. Mr. Haig), I will certainly ask the department to send a representative to explain the philosophy behind the tax reductions that have been made in this bill.

Hon. Mr. Haig: That is fine.

Hon. Mr. Connolly: In connection with the remarks made by the honourable senator from Grandville (Hon. Mr. Bouffard) about section 11 of the bill, I should refer the house to a similar provision that we passed in Bill 7, an Act to amend the Criminal Code. I refer to section 623, which provides for the recovery of fines. In that case the recovery was to be made through the provincial Superior Court of competent jurisdiction, whereas in the case before us under the Excise Tax Bill, the fine is an amount due to Her Majesty, and therefore the appropriate court is the Exchequer Court.

Mutatis mutandis, section 623 of the Criminal Code is the basis for the amendment provided in section 11 of the bill before the house.

As to the time within which the certificate of the Criminal Court can be lodged in the Exchequer Court, I would draw to the attention of the honourable senator the last two lines in the subsection, which read:

> that judgment is enforceable against the accused in the same manner as if it were a judgment rendered against the accused in that court in civil proceedings.

I have not the Exchequer Court rules with me, but I take it that the rules would provide that an execution in that court should not take place without the special intervention of that court until the time within which an appeal could be launched had expired. In other words, if a writ of execution is applied for before the time had expired to launch an appeal, I think a stop order on the execution—

Hon. Mr. Aseltine: I do not think you can even get a stay of execution without making an application for it, and quite frequently it is not granted.

Hon. Mr. Connolly: Quite so, but you can get a stay of execution on application to a judge.

Hon. Mr. Aseltine: Not always. Usually it cannot be obtained. In civil courts it is almost impossible.

Hon. Mr. Connolly: You can usually get it if security is available. However, the point is well taken, and it is an appropriate point to be considered by the committee.

With reference to the comment of the honourable senator from Grandville (Hon. Mr. Bouffard) in connection with section 13 of the bill, I think what he said is perfectly true. In the first place, there is a three-year limit within which the complaint can be lodged in the criminal courts; but if the minister does not discover the subject-matter of the complaint within that time—even ten years after, as my honourable friend has said—the certificate of the minister as to when he discovered the complaint is final and conclusive so far as the courts are concerned. From that time he has one year within which to lodge his complaint in the criminal courts. I do not think there is any dispute about that point at all. Although two wrongs do not make a right—and both provisions may be wrong—the same provisions apply in the Income Tax Act as are now applied here. In this case, the purpose of the amendment is to extend the time within which the minister can lodge his complaint in the criminal courts from six months to a year. If the minister is entitled to an extension of time at all, I think it is reasonable to say that he should be granted that length of time; and under the Income Tax Act it is deemed to be an appropriate length of time. However, I agree with my honourable friend that it is a matter that might well be discussed by the committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Connolly the bill was referred to the Standing Committee on Banking and Commerce.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Crerar for the second reading of Bill 469, an

Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1954, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

Hon. Thomas Reid: Honourable senators, there are many matters which I should like to deal with in my discussion on this bill this afternoon, but I assure the house that my remarks will not be lengthy. I am particularly interested in the measure by reason of a question about a proposed hotel to be built in Montreal which I asked of the honourable gentleman from Churchill (Hon. Mr. Crerar), who explained the bill; however, I intend to pass briefly over some of the other provisions of the bill and leave to the end of my remarks any comments on the hotel.

The bill at one place directs our attention to the fact that the Canadian National Railways are interested in the Trans-Canada Air Lines. Regarding air line service, I would like to say that I have never been able to understand why the capital city of Ottawa has been left off the North Star route. Passengers leaving Ottawa for the coast must take a smaller plane and transfer to a North Star plane in Toronto, where they may have to wait as long as one or perhaps two and a half hours to get the west-bound plane. On eastbound flights I have observed that most passengers who leave Vancouver are destined for Toronto or Ottawa, and few travel as far east as Montreal, which means that most of the passengers for Ottawa leave the North Star plane at Toronto and take a smaller plane to Ottawa. I have never had a satisfactory answer as to why Ottawa is not served by larger, modern and faster planes. Without wishing to be unkind to honourable senators from the prairie provinces, I would point out that the North Star planes drop down at such smaller cities as Saskatoon or Regina. Why do they stop at less populated, and perhaps less important, places and not at the capital city here?

The bill before us forecasts a large expenditure for diesel engines. But before dealing directly with that item, may I say that I sincerely sympathize with the President of the C.N.R. in the problems he faces. In my opinion, while great things were expected of him, he was given an impossible task, for no one man can do all that should be done to effect the improvements which should be brought about if the railway is to be placed on a better financial and operating footing.

To illustrate the failure of the C.N.R. to keep abreast of the times, may I point out that it takes the same number of hours to come from New Westminster to Ottawa today as it took in 1930 when I first became a member of the House of Commons. Notwithstanding the fact that we are living in a different age and that railways have to meet competition from air transport and even from bus lines, the transcontinental rail service remains the same. It may be of interest to honourable senators to know that by travelling south from Vancouver 120 miles to Seattle I can come east by the Great Northern Railway and arrive in Ottawa sixteen hours earlier than if I take either the C.N.R. or the C.P.R. I have made the statement on many occasions, and it has never been refuted, that if it were not for the fact that the C.N.R. is held to the time schedule of the C.P.R., it could cut its time from Vancouver to Ottawa by eight to ten hours. But of course if the C.N.R. made such a change, it would immediately capture most of the passenger traffic on the transcontinental lines.

Now that it has been decided to purchase diesel engines capable of greater speed than steam locomotives, why cannot the C.N.R. meet the competition by air on its transcontinental line? If it is possible for a railway in the United States to make the trip faster by sixteen hours, why cannot the C.N.R. do better than it does. I read a recent article in the magazine *Monsanto* which told an interesting story about the accomplishments of the Great Northern Railway, and in particular stated that the use of diesel power enables the line to carry ninety cars of freight at a speed of fifty miles an hour, and mail and passengers at seventy miles an hour, from the central states to the west coast. I think it is time that some study was made of the modern rail service available in the United States. Canada should be able to match that service, at least in travelling time.

Hon. Mr. Euler: Are the rates in the United States the same as in Canada?

Hon. Mr. Reid: Speaking of passenger rates, one can travel east cheaper from Seattle via the American line than from Vancouver by C.N.R. or C.P.R. In freight rate debates in the other house, I have quoted rates in the United States that were lower on certain articles and goods than the rates paid by the people of British Columbia. Of course, freight rates are an involved subject, and I will make only that general statement, which I think I can substantiate.

Two years ago, when a bill similar to the one now before us was being considered in committee, I asked a question as to why the C.N.R. was buying a number of railway cars to transport motor cars from the province of

Ontario to the prairie provinces and British Columbia, when it was a well-known fact that motor cars were then being carried much more cheaply by fleets of motor transport trucks across the country. I mention that matter because I note with interest that at this late date the railways have made application to the Board of Transport Commissioners for a change in rates to help them meet the competition from motor transport. It seems strange that they would spend the money they did on railway cars two years ago if they were not prepared at that time to meet the competition of motor transports. The motor transports are of course able to pick up cars at the factory and deliver them to salesrooms in Vancouver at a lower rate than they can be shipped by rail. I have never received a satisfactory answer to my question. As honourable senators know, we in British Columbia are obliged to pay from $300 to $500 more for our cars by reason of the freight costs.

Hon. Mr. Haig: May I interject a question? When did that motor transport operation start?

Hon. Mr. Reid: I would say about eight years ago. There is a regular fleet, and the vehicles usually travel in pairs. The drivers are allowed a certain length of time and a certain number of days after they arrive there to rest up. It must be far cheaper than transporting cars by railway, or else the railways would not have lost that traffic. You do not see railway cars nowadays loaded with automobiles. I say that the railways had no reason to lose that business and would not have lost it if they had endeavoured to meet the competition.

I could mention something more in support of what I said a few minutes ago as to my sympathies with the president, and I come now to the question of meals on trains again. I might say in passing that I noticed the other day that four important personages from Great Britain were travelling across Canada by the Canadian National, and when asked how they liked the trip their only complaint was about the cost of meals. They said they liked the trip very much but they did not know how Canadians could afford to pay such high prices for meals on trains. The last time I came across Canada on the train the dining car was only half full of customers, and the dining car itself was only half a car. I asked the steward, "What is the reason for the cost of the meals being so high?" He replied that there are many reasons. He said: "Senator Reid, I have been working thirty-five years on the system and I think I can tell you one of the particular reasons. If you could investigate the large staff in charge of the supervising and clerical end of the dining car operations, you would find out why meals are costing so much". He stated that at every large centre they have a large number of officials, with titles such as dining car superintendent, assistant dining car superintendent and so on; and other kinds of superintendents and assistant superintendents, all down the line. They have a superintendent of towel service, a superintendent of this and a superintendent of that.

I say that the president can do nothing much about this. Just try to get rid of men who are employed on the railway and who are heavily unionized these days. It is just impossible. It simply cannot be done. When I say that I am in sympathy with the president, I mean it. He was chosen to revolutionize the whole railway and put it on its feet, but he is meeting with difficulties that neither he nor any other man can correct.

Coming to the question of the hotel, I want to convey this message to the president too that if he and his officials want to hear something of the railway, let them travel in the ordinary coaches and listen to the comments of the rank and file, instead of travelling in their special cars off by themselves. If they were to do this they would probably hear something that would change some of their ideas. One thing I have heard in my travels in talking to the various railway men is that, for some reason or other, they are not given the moral support that they should have. They are therefore not as enthused as they were in the days of Sir Henry Thornton—not on the Canadian National Railways, anyway—and I say that without that moral support and enthusiasm men do not give of their best.

I have spoken to many men coming down on the train. I spoke to one in particular who knew before I did that this hotel was going to be built. I said to him, "You railwaymen are asking for more salaries and wages this year," and he said "Yes, why not? When the Canadian National have $20 million available to build a hotel that they should not be bothering about, why should we not get into a little too?"

Hon. Mr. Euler: Do you say that the Canadian National employees have no moral support and are not enthusiastic?

Hon. Mr. Reid: Yes.

Hon. Mr. Euler: Does the same thing apply to the other railway?

Hon. Mr. Reid: Well, I travel both.

Hon. Mr. Euler: Then you ought to know.

Hon. Mr. Reid: I find no such complaints by the staff of the C.P.R.

Hon. Mr. Euler: They are not enthusiastic either?

Hon. Mr. Reid: I see no difference from former days in the enthusiasm of the C.P.R. employees. When I travelled down here first, in 1930, every man on the Canadian National was a fighting man for the railway; he was willing to go to any lengths to help it; but you do not find that on the C.N.R. today. Talking about the Canadian Pacific employees, I see no difference.

Hon. Mr. Euler: What is the reason for that?

Hon. Mr. Haig: Unionization, if you want to know.

Hon. Mr. Reid: I will tell you one of the reasons given to me. The rank and file resented the appointment to the high post of president of a man who was not a railway man.

Hon. Mr. Horner: Hear, hear. That is something.

Hon. Mr. Reid: I did not want to say it, but you asked me, and that is one reason I got from employees working on the railway.

Hon. Mr. Haig: Let me ask a question here. If that condition exists on the Canadian National, why is not the reverse true of the Canadian Pacific, because a railway man pure and simple is president of that railway.

Hon. Mr. Reid: Perhaps I did not make my explanation clear. I was asked a few minutes ago by the honourable senator from Waterloo (Hon. Mr. Euler) a question regarding the two railways. I said when I came down here in 1930 I saw a great spirit of enthusiasm among the Canadian National employees, a spirit that does not exist today. I also said that I find no difference from former days in the attitude of the C.P.R. employees or officials. When it is a question of the Canadian National, though, I say that the former friendly feeling has changed over the past years.

Hon. Mr. Euler: I do not like to interrupt, but in both cases you say there is now no enthusiasm on the part of the employees?

Hon. Mr. Reid: No, I did not say that. I said there was little enthusiasm on the part of the Canadian National employees.

Hon. Mr. Euler: I asked you if there was any difference as between the two railways.

Hon. Mr. Reid: I can say that on the Canadian National they are not as enthusiastic as they were in the 1930's.

Hon. Mr. Euler: Oh, I see.

Hon. Mr. Reid: If I did not say that, I want to say it now and make it clear.

I am not going to deal with the question of changing over from coal burning to oil burning engines or from steam locomotives to diesel locomotives. All I am going to say is that there was a time when we did consider the economic position and condition of many of our people. This change over to oil is going to affect the coal producing districts, but I am not going into a discussion on that, other than to say that I was surprised by the information I received the other day from a source outside of the railway. He is the manager of a plant—I do not mind being frank about it—that creosotes ties for the Canadian National Railways. He was not speaking to me principally about Canadian National ties or Canadian National operations, but he told me: "Senator Reid, you will be surprised to know that it is the policy of the Canadian National Railways this year to cut down on tie replacements, and as a result I have had to lay off a few men". I said, "Why do you have to do that?" "Well," he said, "the Canadian National are economizing on ties this year on their line". He said they usually replace 130 ties per mile of track per year but this year they have cut down on that replacement, not that the ties do not need to be replaced or that they have not a large quantity of ties on hand, but they are now spending plenty on hotels.

I just cannot get the thinking that is in the heads of the railway, if that information is correct. The man who made that statement is a reliable citizen, but I am not going to reveal his name. He is located in the city of Montreal, and he came up here on other business entirely. He has plants throughout Canada where they are laying off a few men here and there because, he states, the Canadian National Railways are cutting down the replacement of ties in order to save money. But there will be no money saved, because ties keep deteriorating year by year and what you do not replace this year you are going to have to replace next year.

Hon. Mr. Kinley: That expenditure comes under maintenance.

Hon. Mr. Reid: Surely if anything should be kept up it is the roadbed. Tie replacement is like the removal of the mud in the Fraser River; if you do not do the work today you will have twice as much to do tomorrow.

Hon. Mr. Kinley: The building of a hotel is a capital expenditure.

Hon. Mr. Reid: Yes. They are cutting down on ties, but at the same time, he said, they are going in to the hotel business in a big way.

Hon. Mr. Vien: Does the honourable gentleman not know that those who accuse the railroad authorities of paring expenditure on ties to provide money for building hotels are misinformed? Surely he knows that that is not so.

Hon. Mr. Reid: I am not altogether surprised by that interruption. I expected that those who come from the province within which this great hotel is to be built would try to defend the expenditure.

Hon. Mr. Vien: The capital required to build the hotel will not be obtained in the way that has been suggested.

Hon. Mr. Reid: I shall give honourable senators the story of the C.N.R. hotel business, and if, when I have done, they have anything to say, I shall be glad to hear them. What I am about to state is not hearsay; it is taken from official records. They show that the Canadian National hotel system, consisting of twelve hotels, is not paying interest on the capital which was expended to build them. I have here the details, showing the expenses, the earnings, and the amount of the surplus.

Hon. Mr. Vien: Canadian National Railway hotels?

Hon. Mr. Reid: The Canadian National Railway hotels—twelve of them—yes.

Hon. Mr. Barbour: What is the rate of interest they are paying?

Hon. Mr. Reid: I do not know.

Hon. Mr. Vien: Will the honourable gentleman inform us what series of years he is referring to?

Hon. Mr. Reid: I will. The record goes back to 1947. I am citing the latest figures, those relating to 1953, because I think last year's statistics are an accurate criterion. But the information relating to the entire period can be easily produced in committee. The total cost of the twelve hotels was $38,111,820. I have here, for instance, data showing the cost of the Chateau Laurier and how many rooms it contains; also, which hotel has the largest surplus and which ones have deficits.

Hon. Mr. Vien: What is the source of the honourable gentleman's information?

Hon. Mr. Reid: The annual report of the Canadian National Railways.

Hon. Mr. Vien: In detail?

Hon. Mr. Reid: Yes. My other source of information is the evidence placed before the House of Commons Special Committee on Railways and Shipping this year at the request of Mr. Pouliot by Mr. Donald Gordon and some of his head officials. The material may be found at page 244, Minutes of Proceedings No. 1.

Hon. Mr. Euler: Is there a breakdown as to the various hotels?

Hon. Mr. Reid: Each Canadian National hotel is individually referred to here.

Hon. Mr. Crerar: What year does that material cover?

Hon. Mr. Reid: The report which was rendered to parliament by this special committee includes the returns from 1947 to 1953.

Hon. Mr. Vien: Is that from this year's *Hansard*?

Hon. Mr. Reid: It is in the report of the committee.

Hon. Mr. Vien: This session?

Hon. Mr. Reid: Right. The material can easily be made available in convenient form to members of the Senate committee.

I take it that 3 per cent would be a reasonable return on money invested in C.N.R. business. I know many would not be content with so small a return, but we are dealing with governmental expenditures. Anyway there should be a return of 3 per cent on the $38,000,000 investment in these twelve hotels. On that basis, the amount necessary would be $1,140,000. In fact, however, the surplus from all the hotels was only $874,814. But in two cases there were deficits, of a total of $380,808.

Hon. Mr. Macdonald: What percentage is represented by the surplus?

Hon. Mr. Reid: Percentage of what?

Hon. Mr. Macdonald: At 3 per cent, according to your figures, the surplus should be over $1,100,000. What percentage of the investment is $800,000?

Hon. Mr. Reid: I have not worked it out, but it would be around 2 per cent. But the actual surplus did not amount to $874,814. When the deficit of $380,000 is subtracted, the net to the government is only about $496,000.

Hon. Mr. Haig: That is all the company got?

Hon. Mr. Reid: The honourable Leader of the Government did not wait until I finished my story. Had he done so he might not have asked me about the percentage.

Hon. Mr. Macdonald: Is that after depreciation?

Hon. Mr. Reid: So far as I am aware, no. All the facts are outlined in these reports—the revenue, the expenses, and the net income.

Hon. Mr. Euler: No depreciation?

Hon. Mr. Reid: I cannot find any item for depreciation.

Hon. Mr. Euler: Then that would make the situation still worse.

Hon. Mr. Reid: It would. The depreciation allowance may be somewhere in the statement. All the figures I have quoted are taken from this statement.

Hon. Mr. Haig: The honourable gentleman is talking in generalities. What is the total loss on the twelve hotels?

Hon. Mr. Barbour: What was their total income?

Hon. Mr. Haig: What was their total income? What was their expenditure? What was the net?

Hon. Mr. Reid: I will give the honourable gentleman the information, but I think his question should have been framed differently. I may not have made the matter clear, for a reason which I will point out in a minute.

Hon. Mr. Haig: Put it your own way.

Hon. Mr. Reid: I will have to read the items of revenue and expenditure of each of the hotels.

Hon. Mr. Haig: Do that.

Hon. Mr. Reid: All I have been doing was quoting the total returns.

Hon. Mr. Haig: That is all right. That is what I want.

Hon. Mr. Reid: There are twelve hotels in the system, and, totalling the returns of the ten which did not incur deficits, there is a surplus of $874,814.

Hon. Mr. Haig: But what did the other two lose?

Hon. Mr. Reid: $380,808.

Hon. Mr. Hugessen: Which are the two hotels that lost money?

Hon. Mr. Reid: The operations of the Macdonald Hotel resulted in deficits in 1951, 1952 and 1953 of $164,281, $168,323, and $377,563 respectively.

Hon. Mr. Euler: I take it those figures represent deficits after allowing 3 per cent interest on the capital cost of the hotel?

Hon. Mr. Reid: In all fairness I should read the footnote with reference to the Macdonald Hotel, which discloses that the figures for 1950 to 1953 include amounts charged to operating expenses covering alterations due to the construction of a new wing. A loss was also suffered by Jasper Park Lodge.

Hon. Mr. King: There was a fire at that lodge.

Hon. Mr. Bishop: How did the Chateau Laurier make out?

Hon. Mr. Haig: It showed a profit.

Hon. Mr. Reid: The capital cost at December 31, 1953, of the 518-room Chateau Laurier was $9,111,798. Last year its revenues amounted to $3,148,363 and its expenses and taxes totalled $2,727,532, leaving a net revenue of $421,831.

Hon. Mr. Isnor: Would the honourable gentleman provide the house with statistics on the operation of the Nova Scotian Hotel?

Hon. Mr. Reid: The capital cost at December 31, 1953, of the 150-room Nova Scotian was $2,518,558. Last year the hotel produced revenue amounting to $913,881, and its expenses and taxes totalled $809,822, leaving a net profit of $104,059.

Hon. Mr. Isnor: In other words, the Nova Scotian made a better showing than did the Chateau Laurier.

Hon. Mr. Reid: Yes; some of the hotels listed here seem to have made a better showing than the Chateau Laurier.

The Hon. the Speaker: I would point out that the honourable gentleman from New Westminster (Hon. Mr. Reid) has the floor and if honourable members wish to ask him questions they must obtain his permission to do so. While members of this house are permitted a good deal of latitude during debate on second reading, they must maintain some semblance of order when discussing the principle of legislation.

Hon. Mr. Reid: I thank His Honour the Speaker, though I must confess I was enjoying the debate.

Hon. Mr. Euler: In that case may I have permission to ask my colleague a question?

Hon. Mr. Reid: Yes.

Hon. Mr. Euler: It has been stated that the operations of the Chateau Laurier last year resulted in a profit of $421,831. I should like to know whether that amount represents net profit after allowing for depreciation and interest on investment.

Hon. Mr. Haig: Oh, no.

Hon. Mr. Reid: I do not think so, for these headings refer to revenues, expenses and taxes, and net income. I take it that the expenses cover the cost of operating the hotels; the revenues cover the moneys taken in by the hotels, and the figure I have given represents what is left after taxes have been deducted.

Hon. Mr. Euler: It is the operating revenue.

Hon. Mr. Reid: That can be verified in committee. My information is that it does not touch depreciation or interest.

Honourable senators, I am not at all enthused about spending $20 million to construct a new hotel in Montreal. If Montreal needs a new hotel I would like to know how many people in that city would be willing to subscribe money for its construction. As long as the state is putting up the money everybody in Montreal is for it. Does the house realize that the interest alone on the construction of this hotel would amount to $600,000 a year? I maintain that we had better take stock before we allow the C.N.R. to build a new hotel of the magnitude of 1,000 rooms. A day or two ago when Mr. Robert R. Young, one of the greatest railroad men in the United States, took over control of the New York Central Railroad, he said that he was a railroad man, not a hotel man, and that he was getting out of the hotel business. His statement should be given serious consideration. I know how easy it is to sell Montreal people the idea of building a big hotel in their city, but I am looking at this from the point of view of the Canadian taxpayer. I say that the Canadian National, as a railway company, has no right to enter into this venture. If the city of Montreal needs a hotel, then let the city or its people build it, for in my opinion the hotel would not bring any additional revenue to the railroad. The day is gone when railroads in this country should be building hotels, and for this and other reasons I strenuously protest spending money for this purpose.

Some Hon. Senators: Hear, hear.

Hon. Gordon B. Isnor: Honourable senators, I quite appreciate the fact that I am unable to present my case in the same vigorous manner as our esteemed colleague from New Westminster (Hon. Mr. Reid). I shall endeavour to confine my remarks to one phase of the legislation, but first I should like to comment on certain criticisms made in connection with C.N.R. hotels.

Yesterday afternoon the honourable gentleman from Blaine Lake (Hon. Mr. Horner) expressed himself as critical of the operation of these hotels, as the honourable senator from New Westminster has just done. A group headed by Robert R. Young recently won a hard fight to gain control of the New York Central Railroad, and upon taking over control Mr. Young stated that he was a railroad man and that he was not going to operate in the hotel business. Be that as it may, there are two thoughts on the subject. I am inclined to feel that any railway system today will find it rather difficult to carry on its transportation system without operating, as it were, in the hotel business.

Hon. Mr. King: That is right.

Hon. Mr. Isnor: That statement is open to question, but I feel that the figures just presented by the honourable senator from New Westminster do not present a bad picture. I was particularly interested in the showing made by the Nova Scotian Hotel in Halifax, for in a matter of this kind one naturally thinks of the hotel nearest home. I have watched its operations and those of the Chateau Laurier here at Ottawa. Both these hotels give wonderful service. It is true that the price of meals in their dining rooms could be criticized, but the preparation and serving of meals is only part of the hotel business. The renting of rooms is the main source of revenue. As I recall the formula used years ago, if a hotel could keep 65 per cent of its rooms occupied it was a paying proposition. I am not sure that those figures apply today, but judging from the number of people who do not have reservations and have to line up and wait their turn for rooms in the two hotels I have mentioned, hotels today operate at pretty high efficiency in so far as the renting of rooms is concerned.

Honourable senators, while I am going to deal particularly with one phase of the bill, because of the effect it is having on my own province, I want it to be understood that I am not critical of any progress being made by way of the changeover from coal to oil, if it benefits the whole of Canada and not only one part.

I think we must also face the fact that the Canadian National Railways system is more or less a public utility—certainly it is publicly owned. In recalling the history of Canada, when one thinks of the terms of confederation, and the entry of the Maritimes, and the moneys expended in the construction of steel rails from east to west, surely it is clear that the public men of that day had in mind a public utility for building up the economy of our whole country. Of course, the Maritimes suffered after confederation, while the central and western provinces progressed and enjoyed the prosperity that resulted from expenditure on railway construction.

With that background in mind, I say that the changeover from the steam locomotive to the diesel engine is going to have a very adverse effect on the economy of the province of Nova Scotia. I want to place before honourable senators a few figures, although I quite appreciate that figures are dry. In his explanation of the bill the sponsor (Hon. Mr. Crerar) mentioned the item of $147,032,195 under "new equipment". I know that large amount of money is not all for diesel engines, but it is for new equipment, and before embarking on any expansion plan, naturally, you must have the whole picture in front of you. In that connection, I wish to quote from the Royal Bank of Canada *Monthly Letter* for June of this year:

> Expansion is something not to be undertaken lightly. It puts executive judgment to a severe test. It must justify itself on the right side of the ledger.

I would apply that warning to this expenditure by saying that it must justify itself in regard to the economy of every section of our country.

Our coal industry in Nova Scotia, particularly in Cape Breton, represents a big investment and a big payroll. That payroll certainly has an effect on the economy of the whole province. In 1953 the wages and salaries paid by Dosco amounted to $55 million. That company accounted for direct purchases last year in the province of Nova Scotia of $6,865,000, a contribution of $1,548,592 to the provincial compensation board, and taxes and royalties paid to municipalities of another $3 million, making a grand total of $66,413,592. One can scarcely imagine the effect that a shutdown of such a company would have on the economy of Nova Scotia. By way of comparison I may say that the provincial revenue for last year was approximately $48 million, including the subsidies from the federal government.

In the light of this information about Nova Scotia's economy, I say to the honourable gentleman who sponsored the bill (Hon. Mr. Crerar) and to others who may support it, that in this matter of the proposed changeover by the C.N.R. from coal to oil we should make haste slowly.

In a letter published under date of June 7, the Nova Scotia Minister of Mines revealed that between 30,000 and 35,000 families were dependent directly or indirectly on the coal industry. Taking an average of three to five persons per family, it is obvious that some one hundred thousand people are affected by conditions in that industry.

When a bill similar to this one was before the house two years ago, the honourable senator from Inkerman (Hon. Mr. Hugessen), who sponsored it, made a very fine reply to the complaints I expressed at that time. But when I returned home I learned that the people of my province thought a little more of my argument than they did of my honourable friend's reply. I of course pointed out to them that if they had been here and heard the fine manner in which my friend replied to me, they perhaps would have been as satisfied as I was that he had the right idea. But I realized then that the situation has a different meaning to the people of my province.

Honourable senators, in conclusion I can only emphasize the fact that the threat of unemployment already looms large in the province of Nova Scotia. To give one illustration of the seriousness of the situation, I may say that in Nova Scotia's primary steel industry, where Dosco operates, employment has fallen from 5,172 to 4,301 this year.

I make a most sincere appeal to honourable senators who are members of the committee to which this bill will no doubt be referred, and urge them to warn the C.N.R. of the danger of proceeding too quickly with the changeover from steam to oil and its attendant effects on economic conditions in the Maritime Provinces.

Hon. Mr. Horner: May I ask the honourable senator a question? As a businessman does he think he could secure private capital to build a hotel similar to the Nova Scotian with little hope of getting a return on the money invested?

Hon. Mr. Isnor: I will be pleased to answer that question. Not many years ago one of our enterprising citizens of Halifax approached me, as he did others, and asked me to subscribe to a hotel in the city of Halifax. I did not hesitate very long, for I felt we needed a hotel. My honourable friend's deskmate, the honourable senator from Bedford-Halifax (Hon. Mr. Quinn), knows very well that I was one of the subscribers and charter members of the company that built the Lord Nelson hotel. I feel I made a good investment in so far as the community is concerned.

Hon. Mr. Horner: How many rooms has the Lord Nelson Hotel?

Hon. Mr. Isnor: I think the Lord Nelson has 125 rooms, and the Nova Scotian 150. Both are fine hotels.

Hon. George H. Barbour: Honourable senators, we have in the city of Charlottetown a C.N.R. hotel called Hotel Charlottetown and we are very proud of it. It was built in about 1930, at a cost of $870,809 and has 104 rooms. The total income of the hotel last year, after expenses were paid, was $23,064. The hotel

has no lounge or underground place where liquor is sold. Indeed, it is a hotel in which even the honourable senator from Blaine Lake (Hon. Mr. Horner) would be proud to be a shareholder.

Hon. A. K. Hugessen: Honourable senators after the rather strong attacks that have been made on the proposal to build a hotel in Montreal at a cost of $20 million, first of all by the honourable senator from Blaine Lake (Hon. Mr. Horner) yesterday, and this afternoon by the honourable senator from New Westminster (Hon. Mr. Reid), I think it is hardly surprising but rather what the house would expect that one of the senators from Montreal should have a few remarks to make in answer to the criticisms that have been expressed. In doing so, honourable senators, I am not conscious that though I do happen to come from Montreal I am thereby necessarily prejudiced in favour of this rather large capital expenditure. I can tell the house quite frankly that if I thought this expenditure was unjustified, I think that my position as a member of the parliament of Canada would forcibly make it necessary for me to oppose it if I felt that that was the position which conscience called upon me to take.

Now, that is not the case in connection with this proposal to build a new hotel in Montreal. The first consideration that comes to my mind in connection with it is this one: I have a great deal of faith in the sagacity and the good judgment of the men who operate the Canadian National Railways, at the present time headed by Mr. Donald Gordon, and I think I would be willing to rely on their opinion that the construction of a hotel in Montreal at the present time will not add to the deficits of the C.N.R.

We have had a good deal of experience in the last few years in connection with proposals that have been advanced to us by officials of the C.N.R. for construction of new lines of railway and so forth, and I have always been impressed by the fact that those suggestions have invariably been supported by statements and figures, showing that the officials were very conscious of the necessity of justifying any capital expenditure by the additional revenue which would accrue therefrom to the railway. So I say, basically I am willing to accept as a general principle the statement which has been made by the president of the C.N.R. that from a financial point of view he considers the construction of this hotel to be advantageous for the railway. And I think any honourable senator who knows the situation in Montreal and has knowledge of the location in which it is intended to build this hotel will realize that it is perhaps about the most favourable set of circumstances that you could possibly imagine in any place for the construction of a hotel.

In the first place, it is to be built on the terminal property of the C.N.R., on property already owned by the railway company. Not a cent of money is to be spent for acquisition of land. The land is already owned. Part of it is already built upon by the present station and the hotel is to be built above the present station.

Secondly, so far as this location is concerned, in relation to the principal business centres of the city its position could not be improved. It is almost exactly half-way between the great downtown business section of the city centered around St. James's street, on the one hand, and the great uptown shopping section of the city running along St. Catherine street, on the other.

In the third place, the hotel will be built next to the C.N.R.'s central station which, of course, means that it will be likely to attract a lot of traffic from train passengers. But I point out to the house this additional consideration, that in the very same block there is the air terminus building, to and from which go all the buses operating between the city and the airport. So the hotel will be built not only in the centre of railway travel represented by the central station, but in the centre of air travel, represented by the air terminus in Montreal; and from that point of view, the location could not be improved upon.

Now, there is a great deal of advantage in having a first-rate hotel in juxtaposition to a railway station, and we see that in a large number of cities on this continent. Both the big railroad stations in New York have hotels within a block of them. The Union Station in Toronto has the C.P.R. hotel just across the street from it, and both stations in Winnipeg are similarly favoured. The unfortunate part about Montreal is that at the present time none of the present hotels are within a block or two blocks of either of the big stations. I listened with a great deal of interest to my honourable friend from New Westminster (Hon. Mr. Reid) and the figures which he produced. I am inclined to differ with his conclusions about the actual results of operations of the C.N.R. hotel system during the year 1953; because while, as he very properly admitted, ten out of the twelve hotels produced net revenues of $850,000 after expenses, the other two hotels, which produced deficits, were subject to very exceptional conditions at that time. He mentioned the hotel at Edmonton which is by way of being enlarged, and in respect of which the deficit is largely accounted for by

the additional cost resulting from the enlargement. He also mentioned the Jasper Park Lodge which, as honourable senators know, two years ago suffered complete destruction by fire. So in a normal year one could expect that the present C.N.R. hotels would produce sufficient revenue to pay at least a moderate rate of interest on the capital which is being employed in them.

I repeat: I am certain that the officials of the Canadian National Railways would not have recommended to parliament the construction of this hotel at the present time had they not believed that the financial position of the railroad would at any rate not be worsened as a result of the capital expenditures which they are calling upon us to approve.

The honourable senator from Blaine Lake (Hon. Mr. Horner) objected to the government being in business. I do not think that the government goes directly into business as a result of the operation of hotels by the Canadian National Railways. I do not think anybody can claim that the management of the Canadian National Railways or the management of the hotels is interfered with by the government as a result of the ownership of these hotels by the railroad. I point out to him that in many other countries similar conditions apply. Take, for instance, Great Britain, where a comparatively large number of hotels which were owned by individual railway companies before the railways were nationalized are still owned by the government. There are other countries in which much the same situation exists. I think, if you look over the general picture, you will see there is a good deal of force in the argument that the hotel business, certainly in some respects and in some localities, is an integral and a very proper part of the railway undertaking.

For these reasons, and subject of course to what we may hear when this bill goes to committee, I am disposed to think that the expenditure which the Canadian National Railways are now asking parliament to approve is a wise one.

Hon. John T. Haig: Honourable senators, I am not particularly anxious to join in the debate, but I would like to draw attention to one or two things which, I suggest have been overlooked. Apparently the main criticism is directed against the item for the construction of a hotel at Montreal. If the honourable senator from Blaine Lake (Hon. Mr. Horner) and the honourable senator from New Westminster (Hon. Mr. Reid) were to address their arguments to me as a businessman—and this is what I pretend to be—I would think their contentions were unanswerable. I would not put a split nickel into any proposition of the kind they have been criticizing. I do not suppose that any honourable senator who has any regard for his investments would put a nickel into it, either, since the earning power of the hotels is insufficient to meet a charge of 3 per cent, and only last December the Canadian National Railways sold 3¾% bonds, guaranteed by the government at, I believe, 99. I happen to know about this issue because I was sick at the time, and an agent got me to buy some of it.

I do not want to go into the hotel question, except to say that I can understand that any honourable senator from Montreal or the district of Montreal would support this proposal. If I lived there, and faced the situation regarding hotel accommodation which exists there, no doubt I would favour the building of another hotel. But the conviction which possesses my mind, and which does not imply criticism of the government or anyone else, is, that our Canadian economy is now at the crossroads. I repeat—admitting that any honourable senator may tell me I am out of order—that we, along with the world in general, are confronting an economic crisis. No longer have we a sellers' market; we are now in a buyers' market; and we should be very careful what we do with our capital. Thirty per cent of the employed population of this country are engaged in producing for the export trade, and it is by that trade they live. I am persuaded that this proposed hotel or any other of the same character could be built five years from now for less money than it would cost today. If the project were the construction of houses one might be told, "Mr. Haig, people must have some place to live." But I have heard no answer to the point which was raised by the honourable senator from Blaine Lake (Hon. Mr. Horner). He remarked that on recent trips to the United States he observed that motels are having a very serious effect on the hotel business.

As regards the area in which the proposed hotel will be located, I do not know where in the vicinity one could park a car if he wanted to. I have not been in Montreal for a couple of years, but the last time I was there the district was closely built up, and with the possible exception of Dominion Square, which is no great distance away, absolutely no parking space is available. There is some talk of constructing facilities underground for this purpose. I do not believe that the National Railways can obtain enough business to justify the expenditure of $20,000,000 for a hotel in downtown Montreal, or to markedly improve the general economy of the road.

Some of my supporters may not agree with me, but even though I may be alone in saying this, I am going to say it. In my acquaintance with Canadian business I do not know any of the men who are running the Canadian Pacific Railway and the Canadian National Railways who are not, from every point of view, first-class businessmen. Among the Canadian National executives I would mention Gordon, Dingle and MacMillan. I may be rather prejudiced in favour of Messrs. Dingle and MacMillan, because they were born in Winnipeg. Dingle is the Executive Vice-President, MacMillan is the head of the legal department. Both are top-flight executives. Or, to refer to the other road: Mather, the president, rose from the ranks and came right through to the top. He knows railroading from A to Z. Crump, a Vice-President, is regarded as a very able businessman. I make these personal references because we as Canadians have a tremendous investment in the two railroads. I am not speaking in terms of money, but from the standpoint that the success of our country depends enormously on the fortunes of these two roads. The western provinces and the Maritimes depend even more than the central provinces on the efficient operation of the railroads. They have no other way of getting their produce to the markets. To me, therefore, as a Canadian and a westerner, it is reassuring to know that the heads of these roads are admirably equipped for their jobs. I have never heard a breath of suspicion against them.

The honourable senator from New Westminster (Hon. Mr. Reid) has told us—and I do not take issue with him; he may be right, he may be wrong—that there is resentment among railway workers because Donald Gordon did not come up through the ranks. My experience does not confirm that statement. When the press announcement was made that Donald Gordon would be made head of the Canadian National Railways, one of the ablest young men I know, an employee of the railroad and a great personal friend of mine—we curl at the same club—came to me, in the presence of a number of other members, and said, "Jack, you are a senator?". I said "Yes, I am." He said "You belong to this club?". I said, "Yes, I do." He said, "Tell me candidly, has Donald Gordon the brains to make the road a success?" I replied, "In my judgment there is no better man in Canada for the position." That is what I felt, and that is what I said. I do not suppose Gordon even knows of the existence of this young man, and this was the first time I had ever commented on his appointment.

The other day, Frank Hall, union head of the non-operating trades, expressed himself in an interview somewhat to this effect: "We want the money; let the railroads get it where they can." That attitude is too general in Canada today. People clamour for pay increases because, they say, "We need the money, and Canada has got to give it to us." In my judgment, if Canada is to be assured of a sound economic life this type of thinking will have to be changed. We have to compete with Germany, with Japan, with Great Britain, and with other countries whose workers are not getting the high rates which are being paid here. Warnings of this sort may not be well received, but somebody should tell the Canadian people these things, and I know of no body which has a greater responsibility to our people than the Senate. To my mind there is no position in the gift of the government which any man or woman who loves his country can be more proud to receive than an appointment to the Senate of Canada. Honour and prestige attach to our judges, our lieutenant-governors and other functionaries, but we men and women of the Senate have been honoured above all others by our own country, and we owe it to our people to speak out and, irrespective of our politics or any other consideration, to tell our fellow countrymen what we believe to be the truth.

Having said these things, I intend to vote to send this bill to committee, but at the same time I would plead with the promoters of the bill, the members of the cabinet, and responsible officials of the Canadian National Railways to postpone, say for five years, the building of this hotel. By that time we shall know what world conditions hold for us. I believe that would be the wise and sensible thing to do.

Probably my honourable friend from Halifax-Dartmouth (Hon. Mr. Isnor) expects me to say something about a condition which particularly affects his province. It is a problem of the same order as arose at the time of the industrial revolution in England, and it will continue down the centuries. In more or less degree, every invention, every new development, throws out of gear some part of the national economy. That is the situation we are up against. I appreciate very keenly the unfortunate position of the coal industry in the province of Nova Scotia. But the truth is that we as Canadians cannot afford to reject any invention which accelerates the development of the country; and if the management of the Canadian National and the Canadian Pacific railways are convinced that their roads can be operated more economically with diesel

engines than with coal-fired locomotives, I do not believe we can force them to act to the contrary. Admittedly a terrible hardship will result to some people. But in this connection it must be remembered that in the United States, and to some extent in Canada, the union organizations have continued to boost wages until some industries cannot compete effectively.

This is the inevitable result of increased charges, and ways must be found to control costs. I can remember when twenty-five cars were a sufficient load for a freight train. As a boy at school, I used to watch these trains going by. Later, the load was increased to fifty cars; then, to seventy-five; now it is commonly one hundred; and as soon as switches can be constructed of sufficient length we shall see diesel engines hauling a hundred and fifty cars, and with no bigger crew than used to run the twenty-five-car freight train. These changes are necessary developments resulting from invention, and while all of us sympathize with the people on whose behalf the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) has spoken, I do not see any way that a halt can be put to invention or progress, especially when the new way is proved conclusively to be the more economical way.

Honourable senators, in conclusion, I again plead for the postponement for five years of the building of this Montreal hotel.

Hon. Mr. Horner: Say two years.

Hon. Mr. Haig: Maybe two years will be long enough, but I suggest five years because I believe it will require that period for Canada to pass through the coming readjustment. I do not want to see a repetition of the experience through which our people passed from 1929 to 1935. We may avoid it if we are alert to recognize the signs of its possible return, and to profit by the lessons we learned during the last great depression. So, honourable senators, let us rise to our responsibilities, and support the postponement of extensions of the hotel system until we can see more clearly what the situation is going to be. I leave this matter to the good judgment of the men who administer the affairs of the railroad. But I recall Mr. Gordon telling us in committee two or three years ago that, if certain large sums could be written off, he could operate the railroad in reasonably good times without having to come back for more money. I do not suggest the railroad is coming back for additional funds now, but events of the last six months would indicate that it may do so before long. Many C.N.R. and C.P.R. employees have been laid off recently in my city of Winnipeg. This is indicative of a bad situation, and I do not see any hope for improving it until Canada improves her world trade, which she seems unable to do at the present time.

For these reasons I suggest that we think carefully before authorizing the construction of this new hotel in Montreal. There is no doubt that the city of Montreal would like to have this hotel, but just look at the financial records of the operation of C.N.R. hotels or, in fact, of any other hotels. I recall how in 1934 everybody was exclaiming how foolish it was for the C.P.R. to build the Royal York Hotel in Toronto. Well, that hotel was built at a cost of $15 or $16 million, but I have been told that it would cost at least $50 million to construct the same building today. I again suggest that when this bill is in committee we should advise the officials of the C.N.R. not to ask for money to build a hotel in Montreal for at least another three years.

Hon. Cyrille Vaillancourt: Honourable senators, I rise at this time to make a few remarks in support of the proposal to construct a new hotel in Montreal. Railroad transportation and hotel operation cannot be separated, for the latter is a service of the railroad. The honourable Leader of the Opposition (Hon. Mr. Haig) has referred to some personal experiences, and I want to illustrate an experience I had a short time ago. A friend of mine in Quebec City, after making many unsuccessful attempts to get hotel accommodation in Montreal, called me and said: "Senator Vaillancourt, you often stay in Montreal hotels. Would you mind trying to get me a room in Montreal for tomorrow?" Well, I called five different hotels in that city, but was told that there was no available accommodation. The result was that my friend drove to Montreal and stayed in a motel. After transacting his business in Montreal he made arrangements to ship his purchases to Quebec City by truck transport rather than by railroad. The point is that when businessmen arrive by train at large cities like Montreal and Toronto they want to get good hotel service in the vicinity of the railway station, so that they can be ready to do business the first thing next morning.

Freight transportation is the principal business of a railroad, but it is important that the railroads give good service—which includes hotel accommodation—to businessmen and other travellers. You cannot dissociate the hotel service from the transportation service. Businessmen are concerned about the lack of hotel accommodation in

large cities, and one of the results of this fact is that many are shipping their merchandise by truck rather than by train. If the railroads are to continue to enjoy prosperity they will have to give their users the best possible service.

As the Leader of the Opposition has said, Mr. Donald Gordon is a most able person. During the war years I was associated with him in the activities of the Wartime Prices and Trade Board, and if he favours the construction of this hotel I know he must feel that its existence is vital to the successful operation of the Canadian National Railways.

Hon. T. A. Crerar: Honourable senators,—

The Hon. the Speaker: I would draw attention to the fact that if the honourable gentleman from Churchill (Hon. Mr. Crerar) speaks at this time he will close the debate.

Hon. Mr. Crerar: Honourable senators, the first thing I have to do this afternoon, I am bound to say, makes me slightly ashamed of myself.

Hon. Mr. Horner: It must be pretty bad.

Hon. Mr. Crerar: Of course, if I had the wide experience and background of my honourable colleague from Blaine Lake (Hon. Mr. Horner) I would suffer from no such inhibition.

Hon. Senators: Oh, oh.

Hon. Mr. Crerar: The other day a question was asked as to the total investment in and the earnings of the Canadian National system of hotels. I gave the figures as they appeared in the information supplied me. Then the honourable gentleman from Blaine Lake wished to know what the rate of return was on the investment, and I unintentionally erred in my reply. The amount I gave as total earnings was correct, but I was wrong in stating that the return on the investment was 3½ per cent in 1953 and 3·37 per cent in 1952. Those were the rates of return on the portion of money that the C.N.R. had invested in the Vancouver Hotel, and I have not got the percentage for the whole hotel system. I therefore make due apologies to honourable senators.

As to the arguments advanced on this bill, I am in a comparatively happy position. I thought my honourable friend from Inkerman (Hon. Mr. Hugessen) answered the arguments of the honourable senators from Blaine Lake (Hon. Mr. Horner) and New Westminster (Hon. Mr. Reid) in a very satisfactory way; and the Leader of the Opposition (Hon. Mr. Haig) pretty well answered the argument put forward by the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor). I can understand the last named senator dropping a tear for the future of coal in Nova Scotia and I sympathize with him, but in the conduct of human affairs progress is inevitable. Fifty years ago no one would have ventured to predict that within a period of years railway transportation in the United States, as well as in Canada would mostly, if not wholly, operate on fuel other than coal. The price of coal, however, kept advancing. The United Mine Workers of America, who were quite within their rights, insisted on higher and still higher wages, which in turn increased the price of coal. That was the most effective reason for the railways to consider more efficient and economical methods of power, and thus the diesel engine was experimented with and developed to its present point of efficiency. It is likely that eventually oil will almost completely displace coal as the motive power for railway transportation.

You cannot halt the march of progress, and I do not think my honourable friend from Halifax (Hon. Mr. Isnor) would argue that we should attempt to retard the progress of Canada as a whole out of consideration for the coal mining industry in Nova Scotia. However, I want to reassure him that I am sympathetic toward the problems confronting his native province. The main factor which compelled the railways to search for a more economical source of power than coal was a continually rising cost of operation. Our railways found by experiment, as the railways in the United States did, that freight and passengers could be moved cheaper by diesel engines than by steam locomotives. In passing, may I say that the Canadian railways allowed the United States railways to pioneer in that field. Now, surely we cannot say to the railways, "You must stay your hand," for this consideration or any other consideration. That would be retrogressive instead of progressive.

May I just say a word or two about the hotels?

Hon. Mr. Haig: That is a touchy subject.

Hon. Mr. Crerar: Really, I need add little to what our colleagues from Inkerman (Hon. Mr. Hugessen) and Kennebec (Hon. Mr. Vaillancourt) have already said. The honourable senator from Kennebec cited an instance that happened recently, and I was not surprised at it. Why? Because, as I mentioned the other day, Montreal, the largest city in Canada, has only 408 first-class hotel rooms per 100,000 of population, whereas Vancouver, with probably not more than a quarter of Montreal's population, if you take in the Island of Montreal, has more than 1,200 rooms per 100,000 people.

Hon. Mr. Aseltine: The winter tourists from the prairies and everywhere else go there, though.

Hon. Mr. Crerar: My honourable friend is treading on rather doubtful ground, because the tourist traffic to Montreal is probably just as great as or greater than to the city of Vancouver.

Hon. Mr. Aseltine: In the winter?

Hon. Mr. Crerar: Oh, yes.

Hon. Mr. Macdonald: The honourable gentleman from Rosetown (Hon. Mr. Aseltine) doesn't ski, apparently.

Hon. Mr. Crerar: Trains are operated for skiing parties throughout the winter.

Hon. Mr. Reid: Do you think one hotel would be enough?

Hon. Mr. Crerar: Let me plead with my friends. I sat here and listened as they argued and never once interrupted.

Hon. Mr. Reid: You were one of the few, then.

Hon. Mr. Horner: A new hotel is going up in Vancouver which is to be financed with government money.

Hon. Mr. Crerar: Let me proceed with the consideration of this particular hotel. It is true that it will cost a good deal of money. The only part of the remarks of the Leader of the Opposition (Hon. Mr. Haig) that I did not agree with was his suggestion for postponement of this expenditure on the ground that in five year's time conditions may have changed and the hotel could be built for less than at present. I would point out to him that the cost in five years might well be higher. But surely he would not seriously advocate that we should suspend expenditures on branch lines, housing or anything like that because we might be able to do these things more cheaply five years from now. I do not think that is a very sound argument. We cannot stop progress; we must continue to develop.

I have very little to say in answer to the criticism offered by the honourable senator from New Westminster (Hon. Mr. Reid) as to the management of the railway. It was really not related to this bill. I dare say that in a huge railway system like the C.N.R., with its thousands of employees, one is bound to hear some criticism of the president, a vice-president, superintendent or some other official. It is the right of people to criticize. Indeed, I recall visiting the west coast when my friend from New Westminster and I were members of the House of Commons, and while in his constituency I heard one or two people criticize him in most vigorous terms. While it was their right to criticize him, I did not agree with their criticism—

Hon. Mr. Reid: Nor did I.

Hon. Mr. Crerar: —for I always honestly felt that my friend was a most useful member of the House of Commons, as I believe he is now a useful member of the Senate.

Hon. Senators: Hear, hear.

Hon. Mr. Crerar: I am sure he will understand my position if I do not accept the criticism that he gathered from an individual on a railway train or some place else about what the officials of the Canadian National Railways were doing or not doing. After all, that is not a very sound ground for condemning all the officials of the railway.

On the other hand, I have heard responsible men, who know of conditions in the Canadian National Railways, tell me that in the city of Winnipeg the name of Donald Gordon stands high with the men. There may be other persons who hold a different view. Be that as it may, do not let us attach too much importance to what some employee or other may say about his superiors. We enjoy the right to criticize each other, and I hope we shall always continue to do so, for that is one of the priceless freedoms we have. At the same time, let us not lose our perspective or judgment by giving undue weight to criticisms of that kind.

This bill will of course be referred to the Standing Committee on Transport and Communications, and officials of the railway will be there to supply whatever information is requested. I hope that all the criticism brought forward here today will be raised in committee. For my part, I do not want to throw away any money any more than anybody else does, but I do believe that the building of a Canadian National Railway hotel in Montreal would be a sound and wise move. I would point out that the railway has recognized for a long time the need for a hotel in that city. What position would the Canadian National be in if it had no hotels at all, and the Canadian Pacific had hotels in all the main cities? It is obvious that under those circumstances much of the business would go to the road that has the hotels. And why do the railways in the Old Country have their hotels? Simply because the hotel is a useful adjunct to the railway. My information is—and my honourable friend from Inkerman (Hon. Mr. Hugessen) will correct me if I am wrong—that there is very limited hotel accommodation for large conventions in the city of Montreal.

Hon. Mr. Hugessen: Hear, hear.

Hon. Mr. Crerar: And we live in a day of conventions.

Hon. Mr. Horner: May I ask a question?

Hon. Mr. Crerar: Why, certainly.

Hon. Mr. Horner: How many years is it since the C.P.R. built its last hotel in Canada?

Hon. Mr. Crerar: I think the last hotel venture of the C.P.R. was the Hotel Vancouver, as a joint effort with the C.N.R.

Hon. Mr. Horner: They removed the old hotel there.

Hon. Mr. Crerar: I am not sure about that, but they have a hotel there now. At any rate, the building of a hotel in Montreal is simply another step in our normal development. I do not believe it will hurt any existing hotel in that city, and it certainly will provide more accommodation. I have no doubt, taking one year with another, that over a period of time it will give a return on the capital invested in it. In addition it will substantially benefit the passenger business on the Canadian National Railways, in the same way as all the other C.N.R. hotels have done.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Crerar, the bill was referred to the Standing Committee on Transport and Communications.

NATIONAL HARBOURS BOARD BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Hugessen for concurrence in the amendments made by the House of Commons to Bill I-13, an Act to amend the National Harbours Board Act.

Hon. Gordon B. Isnor: Honourable senators, I first wish to thank the honourable senator from Inkerman (Hon. Mr. Hugessen) and the Leader of the Government (Hon. Mr. Macdonald) for allowing this report to stand over so as to give me an opportunity to read and study the amendments proposed by the House of Commons. I have taken advantage of that opportunity, and I have also read the remarks made on June 7 and 8 by those who criticized the bill in the other place, and while perhaps no major amendments are being made to the bill I feel that there is no good purpose to be served in opposing the bill at this stage.

The motion was agreed to, and the amendments were concurred in.

CRIMINAL CODE (RACE MEETINGS) BILL

COMMONS AMENDMENT CONCURRED IN

The Senate proceeded to consideration of the amendment made by the House of Commons to Bill Q-15, an Act to amend the Criminal Code (Race Meetings).

Hon. Mr. Macdonald: Honourable senators, this is a very simple amendment. It merely changes the word "is amended" to "as amended, is further amended". The reason for the amendment is that this section of the Code had been amended in 1951, and when the bill came to us originally it did not refer to the previous amendment. I move concurrence in the amendment.

The motion was agreed to, and the amendment was concurred in.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 17, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

INCOME TAX BILL

AMENDMENTS CONCURRED IN BY COMMONS

A message was received from the House of Commons returning Bill 467, an Act to amend the Income Tax Act, and acquainting the Senate that they have agreed to the amendments made by the Senate to this bill, without amendment.

BANK BILL

AMENDMENTS CONCURRED IN BY COMMONS

A message was received from the House of Commons returning Bill 338, an Act respecting banks and banking, and acquainting the Senate that they have agreed to the amendments made by the Senate to this bill, without amendment.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

REPORT OF COMMITTEE

Hon. Mr. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill 469.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (469 from the House of Commons) intituled: "An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1954, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company", have in obedience to the order of reference of June 16, 1954, examined the said bill and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable Senators, when shall this bill be read the third time?

Hon. Mr. Reid: Next sitting.

ADJOURNMENT

Hon. Mr. Macdonald: Honourable senators, I move that when this house rises this afternoon it stand adjourned until Monday afternoon next, at 3 o'clock.

The motion was agreed to.

VETERANS BENEFIT BILL

SECOND READING

Hon. Thomas Vien moved the second reading of Bill 101, an Act respecting benefits for members of the Canadian forces.

He said: Honourable senators, this bill purports to give statutory form and stability to benefits and allowances granted to Korean veterans by orders in council under the authority of the Veterans Benefit Act, 1951, and amendments thereto.

The various types of benefits granted under the provisions of the War Veterans Allowance Act ceased to be available as a result of cut-off dates established by law. They applied only to veterans who had seen active service in a theatre of operation or elsewhere, prior to the cut-off dates, and, obviously, they were not available at the outbreak of hostilities in June, 1950. It became therefore necessary to revive them in favour of the members of our special forces.

As honourable senators will recall, at the inception of the Korean hostilities matters were in a state of flux; nobody would have dared predict what the future had in store for us. It was then deemed inadvisable to extend to all those who enlisted all the benefits of the War Veterans Allowance Act and correlated acts.

In April, 1951, however, the Veterans Benefit Act was passed—it is Chapter 62 of the Statutes of 1950-51—granting members of our special forces certain benefits, whilst retaining a degree of flexibility. These benefits were not defined by rigid statutory provisions; developments were expected which probably would alter and certainly would clarify the situation. This provisional act of 1951 was extended in 1952, and again in 1953. It gave the government power to pass orders in council granting certain benefits and allowances as circumstances might warrant and to regulate their modalities and the procedure. The same practice had been followed in developing veterans legislation during and after World War II.

Fighting ceased in Korea in July 1953. It is now expedient to meet the needs of the Korean veterans by legislation, to provide rehabilitation compensation, allowances for disability, etc., in the light of present day conditions and of our accumulated experience.

In 1950 the groups of men enlisting for service in Korea were organized in what was called "Special Forces". Most of these men were recruited from the regular forces and a great many of them have remained in the service.

This bill gives statutory form to provisions made by the Orders in Coucil, under the

authority of the Veterans Benefit Act of 1951, and amendments thereto. It is supplemental to the War Veterans Allowance Act which, in 1952, was made available to Korean veterans as will be seen by reference to the Revised Statutes of Canada, 1952, Chapter 340, section 2 (k) (vi) and section 30 (7).

The principle of the cut-off date, followed in previous legislation has been retained. To be eligible, a service man must have served in, or at least must have departed for, a theatre of war prior to July 27, 1953, the date of the Cease-Fire order, and the cut-off date has been fixed at October 31, 1953.

The basic gratuity under this bill is 50 cents per day for each day of paid service in a theatre of operations. This is the same as had been provided for World War II veterans. A re-establishment credit of 50 cents per day is made available, as well as a supplemental gratuity based on seven days' pay for each period of 183 days of service in a theatre of operations, or proportionately for a portion thereof.

It might be interesting to note that, as of December 31, 1953, gratuities in the amount of $5,165,396.11 had been paid to members of the forces who had served in Korea, or to dependents of those who have died in service.

An amount of $3,283,786.50 has been appropriated for these Re-Establishment-Credits, which averages $175.67 per man. Up to December 31, 1953, an amount of $1,267,975.29 of the appropriated fund had been used.

The Veterans Rehabilitation Act is being made available to Korean veterans, with its vocational, undergraduate and postgraduate training allowances. The specified period can be extended, if the extension is earned through scholastic achievement.

On December 31, 1953, there were 36 veterans taking vocational training and 45 taking university training; 73 had completed their vocational training and three their university training; 42 had withdrawn from vocational training and 14 from university training.

Awaiting return allowances, similar to those granted to World War II veterans, as well as the provisions of the Pension Act which have made available to Korean veterans by order in council, are confirmed in this bill.

As at December 31, 1953, there were 823 disability pensions, representing an annual liability of $298,639; there were 117 pensions paid to dependents, entailing an annual liability of $147,792; or, in all, 940 pensions with an annual liability of $446,431.

The benefits of the Veterans Land Act and Veterans Insurance Act are extended to Korean veterans.

The means taken after World War II to provide for the re-establishment of veterans in civil employment have been extended under similar conditions to Korean veterans. These provisions have been put in force from the beginning of hostilities, and employers throughout Canada have co-operated so well with the department that not one complaint of a Korean veteran being unable to be reinstated in his civil employment has been brought to the attention of the minister.

The benefits of the Veterans Business and Professional Loans Act, administered by the Minister of Finance, and the provisions of the Civil Service Act and the Public Service Superannuation Act, and the statutory preference therein provided, are also herein made available.

The out-of-work allowance will apply to those who have served for at least 91 days. This provides a minimum protection of three months. These allowances are paid to the Unemployment Insurance fund, and are added to the unemployment insurance benefits available under the Unemployment Insurance Act. As of December 31, 1953, $1,303,254.60 had been paid into the Unemployment Insurance fund by the Department of Veterans Affairs, on behalf of some 22,000 Korean veterans—or, to be exact, 21,999.

The war veterans allowance is not covered by this bill. It was made available in 1952, by an amendment to the War Veterans Allowance Act, (R.S.C. (1952) c.340.)

It will therefore be seen that this bill extends to the Korean veterans, as far as it is deemed possible to do so, the benefits of the War Service Grants Act, the Veterans Rehabilitation Act, the Pension Act, the Veterans' Land Act, the Veterans Insurance Act, the Reinstatement in Civil Employment Act, the Civil Service Act, the Veterans' Business and Professional Loans Act, the Public Service Superannuation Act, and the Unemployment Insurance Act. All these laws had been enacted to assist the veterans of World Wars I and II. We are now called upon to assist the veterans who have so gallantly, and sometimes so heroically, served in our Canadian Navy, Army and Air Special Forces in Korea, under the aegis of the United Nations.

Honourable senators, I commend this bill to your favourable consideration, and take pride and pleasure in moving the second reading.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Reid: Is this bill to be sent to committee? I think it should, for it is rather important.

Hon. Mr. Vien: This is a money bill, and if it is thought advisable to send it to committee it could be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Reid: Honourable senators, I do think the bill is important enough to be discussed in committee.

Hon. Mr. Roebuck: This bill contains a lot of details, and I feel it should not be passed without being sent to committee.

On motion of Hon. Mr. Vien, the bill was referred to the Standing Committee on Banking and Commerce.

DISABLED PERSONS BILL

SECOND READING

Hon. Clarence J. Veniot moved the second reading of Bill 462, an Act to provide for allowances for disabled persons.

He said: Honourable senators, of the several social welfare measures which have come before parliament in the past fifteen years, I think the present bill will be accorded the warmest reception because of its particularly humane character. Indeed, there is no group of persons in Canada who command the sympathy and the interest of the general public to the same degree as those unfortunate individuals who are totally and permanently disabled. I venture to say that there is hardly a member of this house who has not, at some time or another, come into close contact with persons of this category and keenly felt the tragedy which total disability inflicts upon the stricken individual and his family. Referring more closely to home, I might mention the fact that a young person who for a number of years performed secretarial duties for several members of this house is now permanently and totally disabled.

Thousands of Canadian homes are daily witnesses of such suffering and helplessness, and continue to bear unassisted the heavy burden of caring for some disabled member of the family, and most of these families have been carrying this physical, mental and financial strain over a period of years, without the slightest complaint. While we, the more fortunate and healthy citizens, can do very little to physically relieve tragedy of this kind, we can at least by the present bill contribute to some extent to lighten the financial burden of caring for permanently disabled persons.

This bill comes as the answer to many prayers. Its principle has been advocated time and again by private members of both houses of parliament, as well as by all welfare organizations and service clubs of the nation, and I feel that there is no need to advance a single argument to convince us of the value and the wisdom of, and the pressing necessity for, such a measure.

The purpose of the bill is to provide a nation-wide system of disability allowances. It authorizes a maximum payment of $40 a month to needy persons of eighteen years or over who are permanently and totally disabled. This figure was arrived at by agreement after a federal-provincial conference on the matter; and the cost of the payments made under the legislation will be shared equally by the federal and the provincial governments. The bill presupposes the passing of enabling legislation by the participating provinces, as well as the negotiating of agreements between the federal government and each province concerned. Previous to this year the provinces of Newfoundland, Alberta and Ontario had disability allowance acts, and since this measure was forecast in the Speech from the Throne at the beginning of the session five other provinces—namely, British Columbia, Saskatchewan, Manitoba, New Brunswick and Nova Scotia—have passed enabling legislation, and Prince Edward Island has signified its intention to pass enabling legislation at the earliest opportunity.

When all the provinces have joined in the carrying-out of this legislation it is estimated that from 25,000 to 35,000 totally disabled persons will benefit by it, and the annual cost will run between twelve and sixteen million dollars, to be shared, as I have already said, by the federal and provincial governments.

In general this bill closely parallels the Old Age Assistance Act and the Blind Persons Act, both of which were unanimously adopted by parliament in 1951, and in both cases the costs are shared equally by the federal and provincial governments. In nine of the thirteen clauses of the bill the wording is identical with that of the Old Age Assistance Act, except that in the reference to disabled persons the word "allowance" instead of "assistance" is used. I shall therefore confine this explanation of the bill to clauses 3, 7, 11 and 13, which contain features different from the earlier legislation.

Clause 3, which provides for agreements with the provinces, is the very core of this enactment. Section (1) lays down the principle of federal-provincial co-operation in this important undertaking. The federal government will be empowered to enter into agreements for sharing on a fifty-fifty basis the cost of disability allowances provided by provincial governments under their own

legislation. This section also fixes the maximum amount of allowances payable at $40 per month. In this respect it is identical with the federal Old Age Assistance, Old Age Security and Blind Persons legislation. At the January federal-provincial conference there was general agreement on this point.

Subsection (a) of section (2) of clause 3 sets the age of eligibility for this allowance at eighteen years. Some provinces favour a less generous provision; for instance, a minimum of twenty-one years, which applies to allowances for the blind. Subsection (a) of clause 7 takes account of this age designation and provides for a province to specify a higher minimum age if it considers it necessary to do so.

Subsection (a) (ii) of clause 3 fixes the residence requirement at ten years. This also coincides with the requirement in the Blind Persons Act.

Clause 3, section (2), subsection (b), requires that applicants be totally and permanently disabled as prescribed by the regulations. The definition of "totally and permanently disabled" is to be left to the regulations, because such a definition is a highly technical matter, involving questions of medical diagnosis and judgment, and is of vital importance to the provinces which collaborated with the federal authorities in the drafting of the resolution.

Officials of the Department of National Health and Welfare have worked out a tentative definition of permanent total disability in conjunction with representatives of the Canadian Medical Association and the senior health and welfare officers of the ten provincial governments. It reads as follows:

> An applicant must be permanently disabled in the sense that his disability cannot be corrected in the immediate foreseeable future, and he must be totally disabled in the sense that he cannot carry out the ordinary activities of daily living and self-care.

The Ontario Welfare Department employs the same phraseology in defining disability, but it further limits the totality of the disability by the addition of six qualifying words. The second half of the definition reads as follows:

> An applicant is totally disabled in the sense that he cannot perform the ordinary activities of daily living . . .

And here are the qualifying words

> . . . without the assistance of another person.

The difficulty of framing a suitable and universally acceptable definition of total and permanent disability may be further exemplified by the fact that in the United States twelve states have each a different definition of what constitutes permanent total disability. If, after a few years of experience, it is thought possible to do so, consideration might be given to transferring the definition to the act instead of leaving it in the regulations. But in the beginning stages this would not allow a sufficient degree of flexibility.

Subsections (c) and (d) of section (2) of clause 3 of the bill exclude persons already receiving benefits under existing federal or provincial programs. The basic purpose of this legislation, of course, is to assist needy disabled persons not already provided for.

Subsections (e) and (f) of the same section deal with persons whose maintenance needs are already being met under provincial and local arrangements in sanatoria, mental hospitals or other institutions.

Subsection (g) sets the income ceilings. For a single person the ceiling is $720 a year, including allowance; for a married person, $1,200 a year, including allowance; and for a married person with a blind spouse, $1,320 a year, including allowance. In general, income ceilings represent the majority view of the provinces.

We come next to clause 7 of the bill, which parallels provisions of the Old Age Assistance Act except for paragraph (xi) of subsection (d), on page 5 of the bill. This paragraph provides for suspension of allowances where the receipient refuses to avail himself of training, rehabilitation, or treatment measures offered for his benefit. This is in keeping with the aim of restoring disabled persons to normal self-supporting status wherever possible.

Clauses 11 and 13 of the bill are largely self-explanatory. Clause 11 indicates those things to be covered in the regulations, and does not differ substantially from the Old Age Assistance Act and the Blind Persons Act.

Clause 13 simply provides for the act to come into force by proclamation rather than on a specific date.

I think I have sufficiently covered the main features of this new legislation, particularly where it differs from the Old Age Assistance Act and the Blind Persons Act. If the bill is given second reading I will move that it be referred to committee, where questions can be asked of the officials of the Department of Health and Welfare who will be in attendance.

Honourable senators, in conclusion I may say that the present bill will help to round out and complete the framework of social welfare provisions which have been built through federal, provincial, municipal and voluntary collaboration. We are thus moving forward, appreciably, towards our goal of social and economic well-being for all Canadians.

Hon. Mr. Roebuck: Could the honourable gentleman give us some estimate as to the cost of administering this act?

Hon. Mr. Veniot: I believe I mentioned that before. It is estimated that the annual cost will be from $12 million to $16 million. This cost is to be shared equally by the federal and provincial governments when all provinces have entered into agreement with the federal government.

Hon. Mr. Roebuck: I apologize to the honourable gentleman, for I did not hear him give that information previously. May I take the liberty of paying a compliment to our esteemed colleague for the excellent explanation he has given of this bill.

Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: He has done honour to the bill, and the bill does honour to him. I should also like to commend the government for introducing this piece of legislation. It is along the line of other legislation we have passed so frequently in recent years, which all helps Canada to describe itself as a Christian nation. I think it is a wonderful step forward and in line with the kindly nation that we are becoming.

(Translation):

Hon. Mr. Vaillancourt: Honourable senators, I would like to add a word to what the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has just said and also to thank the honourable senator from Gloucester (Hon. Mr. Veniot) for his magnificent speech. Not only as a French-Canadian senator, but simply as a French-Canadian, I wish to thank our Prime Minister for this new act which supplements our social security legislation. Because of my experience in social work, with which I have been associated for more than forty years, I was most anxious that such a law should be enacted. In helping these physically handicapped and underprivileged people by granting them some income which is the very lifeblood of existence, we are giving them new hope. They were formerly a burden to society, but now we are going to help them. They realize at last that they will not be continually in fear of becoming destitute, and many of them will become useful members of society instead of being a burden. It seems to me that this act is a gesture of social rehabilitation. It may be considered as possibly one of the greatest measures the government has ever taken, from the humanitarian point of view, as the Minister of National Health and Welfare so aptly said the other day. As we all know, he is always in sympathy with all Canadians, whoever they may be, but particularly with those who are in need of help. I might give an example, in my own town, of underprivileged people who were a burden to the public, of citizens who were practically useless. I have known such people in my own bailiwick who, for ten or fifteen years were unable to do any work. People were found to look after them and today, far from being a drag upon society, they have become useful members of the community. They even go and visit those who need help and encouragement. This social measure, I repeat, is a godsend, and I again wish to thank our Prime Minister and his government for having given us such a socially sound and highly humanitarian law.

(Text):

Hon. Mr. Burchill: Honourable senators, I wish to join in the congratulations to my honourable friend from Gloucester (Hon. Mr. Veniot) on the very able way in which he introduced this bill.

I am sure that, regardless of the community in Canada from which we may come, all of us know of distressing cases that this measure will benefit, and I am confident that it will receive the warm support of the members of this house.

May I ask the honourable senator from Gloucester if the regulations respecting persons qualifying for the allowance will be agreed upon by both the federal and provincial authorities, and, if so, when it is expected that they will come to an agreement?

Hon. Mr. Veniot: Honourable senators, the regulations were studied by the several provinces and the federal government at the federal-provincial conference which took place, I think, January of this year, and all parties agreed that regulations which were formulated for the Old Age Assistance Act and for the Blind Persons Act would work very well for this particular bill. This bill is identical with the two statutes I have mentioned, each of which received the unanimous support of both houses of parliament in 1951. There should be no difficulty, therefore, in arriving at uniformity of regulations by all the provinces.

Honourable senators, I shall be glad to answer any further questions which any honourable senator may wish to ask, before moving that the bill be referred to the Committee on Public Health and Welfare.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Veniot: If it meets with the approval of the house, I would move that the bill be referred to the Standing Committee on Public Health and Welfare.

Hon. Mr. Haig: I see no reason why it should not be given third reading now.

Hon. Mr. Roebuck: What is the hurry?

Hon. Mr. Haig: If the bill is as good as you say it is, we ought to pass it.

Hon. Mr. Roebuck: That is not a good answer at all.

Hon. Mr. Haig: It is the best answer I know.

Hon. Mr. Roebuck: Nobody here has the slightest objection to it, as far as I know, but I see no reason why a bill of this character should not be gone over in detail by a committee. The bill is full of humanity, and to review it in committee would give us an opportunity perhaps to extend its principle. I see no reason why it should not be considered in committee in the same way as most other bills are.

Hon. Mr. Haig: May I reply to the point raised by my friend by pointing out that the provisions embodied in this bill are the result of an arrangement made at a conference between the provinces and the dominion. Therefore, I do not think it should go to a committee and possibly be amended. If that happened, the matter would have to be referred back to the provinces and a new arrangement entered into. I know that my own province has agreed to the bill as it stands and has passed legislation on that basis.

As my honourable friend from Gloucester (Hon. Mr. Veniot) pointed out, the bill is modelled upon the Old Age Assistance Act and the Blind Persons Act. If I had any quarrel with the bill, it would be that the dominion should bear the whole burden and not pass some of it on to the provinces. Obviously, people who will benefit by this legislation are not limited to any particular province, but are, so to speak, citizens of the whole dominion. Personally, I am opposed to the bill being referred to a committee.

The motion was agreed to, and the bill was referred to the Standing Committee on Public Health and Welfare.

PENSION BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 339, an act to amend the Pension Act.

He said: Honourable senators, this bill has to do with pensions granted to veterans of the armed forces. I am sure you will all agree that parliament has over the years given very careful consideration to the claims of those who served in either of the two world war. Indeed, it has been stated not only in but also outside Canada that our pension law is almost perfect. However, in spite of its apparent perfection, occasions arise from time to time when the Department of Veterans Affairs find that the act is not functioning as the department feels parliament wants it to function, and the minister from time to time presents certain amendments to parliament. It is such an occasion that gives rise to the bill before us today.

There are included in the bill a number of proposed administrative changes, which do not affect the payment of pensions but are necessary to effect smooth administration of the act. I shall not take the time of the house to explain these administrative matters, with the exception of the proposed change having to do with the fixing of salaries of pension commissioners. At the present time, commissioners may be appointed for from one to ten years. That is to say, if there is an increased volume of work for a short period of time, a commissioner may be appointed for as short a period as one year, and his salary must be fixed by parliament. The amendment in this respect would allow the salaries to be fixed by the governor in council. While there may be some objection to such an arrangement, I would point out that parliament would still be asked to pass the estimates of the department, which would include these amounts. It is felt that the act could be administered more efficiently if, whenever it became necessary to change the rate of salaries paid to commissioners, it could be done by the governor in council.

The bill contains a proposal to extend by three years the present date of May 1, 1951, after which a veteran of World War I may marry and receive an allowance as a married man. Similar extensions have been made from time to time. I understand that a few pensioners of World War I have married during the past three years, and the department feels they should be classified as married veterans and get the married veterans' allowance.

Hon. Mr. Haig: May I ask what was the object in putting a date limit in the act if the practice is to extend it from time to time?

Hon. Mr. Macdonald: The purpose of putting in a limit was partially at least to protect the veteran. As the Leader of the Opposition (Hon. Mr. Haig) knows, when a veteran

who has been receiving a 50 per cent pension dies his widow gets the full allowance, regardless of whether or not his death occurred as a result of war disability. It is again proposed to extend the time within which a veteran may marry by three years, and this extension will continue to make it impossible for any one to take advantage, shall I say, of the generosity of the Canadian veterans legislation.

Hon. Mr. King: Hear, hear.

Hon. Mr. Macdonald: My colleague from Kootenay East (Hon. Mr. King) was, I believe, the first minister of pensions and introduced the first pension bill into parliament.

Hon. Mr. King: No, that is not quite correct. The first pension act came into effect in 1919; I was appointed Minister of Health and Soldiers' Re-Establishment in 1926; and I introduced amending legislation in the session of 1928.

Hon. Mr. Macdonald: I know my distinguished colleague has had a good deal to do with veterans' legislation.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Now, another provision is with respect to adopted children. At the present time if a veteran in receipt of pension adopts a child, he does not receive an allowance for that child. To make myself clear I should say that if a pensioner had adopted a child prior to establishing his claim for disability pension he would get an allowance for the child, but he would not get the allowance if he adopts the child after his claim for disability pension has been acknowledged. This bill provides that a pensioner, if he legally adopts the child, can receive an allowance for that child.

Hon. Mr. Roebuck: For how many children?

Hon. Mr. Macdonald: There is no limit to the number that he can adopt. I think there was some hesitancy about granting allowances to pensioners for adopted children, because some pensioners might adopt more children than they could normally support, and that is the reason why the provision that is in this bill was not put in the present act. However, all the provinces exercise careful supervision with respect to adoption, and no one can adopt a child without going before a court and receiving a court order. It is therefore felt that pensioners should be entitled to an allowance for all adopted children.

Hon. Mr. Roebuck: How much will the allowance be?

Hon. Mr. Macdonald: I have not got the rates before me.

Hon. Mr. Haig: It will be the same as for any other children?

Hon. Mr. Macdonald: Yes, the allowance will be the same as a veteran would get for any other children.

At the present time a veteran whose claim is admitted is entitled to a retroactive pension for a period of one year, with an additional six months in case of hardship. Added to that, there is a provision that a veteran of World War I is entitled to eighteen months' additional pension if the delay in proving his claim has not been due to him in any way but has occurred because of administrative difficulties. This provision was put into effect in connection with First World War veterans because, as honourable senators recall, the records relating to many of them were lost or destroyed and it often was very difficult for those veterans to prove their claim except after considerable delay. That situation does not apply to such an extent in connection with World War II veterans, for the records concerning them were kept more carefully. However, it is felt that the provision should remain in the law, and according to the bill now before the house, there will be an allowance for one year retroactive, plus six months in case of hardship, plus eighteen months if there has been difficulty in finding the records, provided, of course, that all that time has elapsed.

Perhaps I should mention one other provision. It is with respect to the right of a veteran entitled to pension to claim pension irrespective of sex. At the present time a male member of the armed forces who misbehaves himself can still receive his pension, but with respect to women pensioners section 44 subsection (1) of the present act reads as follows:

> The pension of any female pensioner who is found to be a common prostitute or who openly lives with any man in the relationship of man and wife without being married to him shall be suspended, discontinued or cancelled.

That has applied only to women. It will continue to apply to women who are not entitled to a service pension, but if a woman has served in the armed forces and is entitled to a service pension she will now stand in the same position in all respects as a male pensioner under this act.

I think, honourable senators, that I have explained the major provisions of the bill, and I commend it to the favourable consideration of this house.

Hon. Mr. King: Do I take it, Mr. Leader, that this bill has been studied by the House of Commons committee which has been dealing with this type of legislation for many years?

Hon. Mr. Macdonald: In certain sessions the House of Commons has appointed a Special Committee on Veterans Affairs, which has reviewed veterans legislation. When I was a member of the House of Commons I served on that committee. The bill before us was carefully examined by that committee in the present session.

Hon. Thomas Reid: Honourable senators, I presume this bill will be sent to committee, so that other questions can be asked. It is a very important bill, which I think will meet with the views of most honourable senators. While I am not taking exception to it, I am wondering about the wisdom of the amendment in section 2, regarding salaries. I think I can say without fear of successful contradiction that, rightly or wrongly, many people believe that when they have a case to take up with the Canadian Pension Commission they perhaps can obtain better results from a member who is favourable to the government. There is nothing to that at all, but nevertheless that feeling prevails; and I say that as one who still receives quite a few appeals particularly regarding war veterans' allowances.

Now, with that thought in mind I am wondering if it is wise for the government not only to accept the responsibility of appointing the members of the board, including the chairman, but to take upon itself the setting of their salaries.

It should be said at this time, I think, that Canada has one of the finest pension acts in the world, and a splendid board to administer it. Honourable senators will agree that General Melville has administered the law with fairness, intelligence and justice. In saying this I speak from experience, and I will add that the criterion I rely on is the number of appeals. Away back between 1930 and 1935 I used to receive from the Vancouver area as many as a thousand appeals a year for redress. I am not getting nearly as many now. That, to me, is a clear indication that the act is working smoothly, and that those who come before the Pension Commission are treated with fairness and justice and are not denied aid if they have any case at all.

I think this also should be said. While I have no knowledge or information regarding other hospitals, I hear none but the highest praise of the treatment given to patients at the Shaughnessy Hospital at Vancouver. Great credit is also due to the worthy and honourable senator from Kootenay East (Hon. Mr. King). I think it should be said here, in this chamber, and I am pleased to say it: he laid the foundation well.

Hon. Senators: Hear, hear.

Hon. Mr. Reid: But I come back to the misgiving which is in some people's minds because of the proposal that the governor in council who appoints the commissioners, should also fix their salaries. I think that the decision to put this proposal in the bill was made rather too hastily, for I do not see that any objection could be taken, either in the other place or here, to having the salaries of these officials fixed by statute.

Personally I am not opposed to the bill, but I should like to see it go to committee so that I may ask one or two questions about it at that time.

Hon. J. H. King: Honourable senators, may I say a word with regard to the administration of pension and other kinds of social legislation which are of intimate concern to the people whose interests are being served. The officials who are entrusted with duties of this kind should fully understand and be keenly interested in the problems with which they have to deal; and for that reason I believe that the appointment of the commissioners should be in the hands of the government. Those who make these appointments do so in consultation with officials who are engaged in administering the law and are closely associated with the persons who benefit by it. So I suggest that not only appointments but salaries should be the responsibility of the executive—that is the governor in council.

Canada has been very fortunate in the development of its Pension Act. It was liberally conceived, and I believe that the people in general, and the veterans particularly, will acknowledge that the provision which has been made is as generous as that adopted by any country, and perhaps more generous than that of most countries.

Some question was raised regarding the eligibility for pensions of older veterans who desire to become married and obtain for their wives certain pension rights. The matter has arisen from time to time and is a very difficult one. I know we had to deal with it away back in 1926, and again in 1930, when I was in the other place. But the number of eligibles is very much smaller, and one may hope that, through the wise judgment of the commissioners, such cases will be handled with fairness and justice. I do not think concessions of this kind are being overdone if an inducement and incentive are given to the older pensioner to take to himself a wife at this time.

As regards the adoption of children, one must remember that orphans and neglected children must be taken care of in some way, either at a reformatory or a refuge, or by

adoption. In this respect good progress has been made. Not many years ago the refuges were filled with young people for whom no adoption proceedings were available. Today, as we have already been reminded, excellent laws in the various provinces govern the adoption of children. In the case of an old veteran who has married at a late age and who, with his wife, would like to adopt a child, they must satisfy the authorities that they are capable of giving a child a good home. That is a consideration in which all of us are interested, and I think we can very properly approve that phase of the bill.

Hon. George P. Burchill: Honourable senators, I was very much interested in the remarks of the honourable senator from Kootenay East (Hon. Mr. King), because I wanted to hear from one who, as the honourable senator from New Westminster (Hon. Mr. Reid) has reminded us, laid so well the foundation of the Pension Act, what his reaction is to section 2, which removes from parliament the right to fix salaries of the commissioners and transfers this right to the governor in council. That is a major change, and I take it that the honourable senator from Kootenay East is inclined to approve it. Many of us have had very satisfactory dealings with the Pension Commission, and we endorse everything that has been said about them by the honourable senator from New Westminster. I believe that all over Canada their prestige is very high, and that they have done and are doing a wonderful job. Then why make this change, if they are doing so well and, apparently, satisfying everybody? Is it likely to promote greater efficiency? In asking this, I am putting on paper a question which is in the minds of a great many of our colleagues: is the government on sound ground in making this change? With all due respect to the Leader of the Government (Hon. Mr. Macdonald), who explained the bill—and those introductory speeches and explanations we always enjoy —he has not entirely satisfied me of the desirability of this change, and I question if it is desirable.

Hon. Mr. King: I do not wish to speak again, but I hope there will be no misapprehension regarding the foundation and development of the Pension Act. That measure was introduced first, I believe, during the First World War. Of course, previously there had been statutory provision for South African veterans and Fenian Raid volunteers and some others. I believe that the late Senator Lougheed was the first Minister of pensions or, as he was then known, Minister of Soldiers' Civil Re-establishment. The department mushroomed practically over night and many difficulties were encountered in administering pensions. When I was serving as minister of that department, individual cases were often reviewed on the floor of the other house. That sort of thing rarely happens today, for administration procedures have been ironed out and such cases are thoroughly investigated by the appropriate authorities. Individual cases which present difficulties are referred to local pension authorities or to the Canadian Pension Commission in Ottawa.

I want to say something about salaries. The salaries of the chairman, deputy chairman and commissioners are fixed by the governor in council, while the salaries of the other employees of the commission come under the jurisdiction of the Civil Service Commission. The appointment of the deputy minister still lies with the governor in council, who from time to time is advised by the minister as to the requirements of the officials administering the act.

Hon. Mrs. Wilson: I am puzzled at the reference that has been made about pension benefits for children legally adopted by older veterans. I am under the impression that throughout Canada the Children's Aid Society will not sanction the adoption of children by parents over the age of forty.

Hon. Mr. Macdonald: If that is so, then these veterans would not be entitled to receive such pension allowances. At the present time, veterans under the age of thirty who are in receipt of pensions are not eligible for additional pension allowances if they adopt children, but this bill will enable them to enjoy this benefit.

Hon. John T. Haig: Honourable senators, I do not like to say much about legislation of this type. I am not a war veteran, and fortunately those of my family who are do not come under this act. I do not propose to discuss additional allowances payable in the case of adopted children, nor do I intend to say anything about veterans who marry subsequently to May, 1954. It is sufficient to say that the history of the United States in administering certain phases of pension payments has been disastrous. The American Civil War ended in 1865, and I can remember people in Manitoba drawing pensions in respect of that war as recently as twenty years ago. One of those pensioners, a widow, used to come to me to sign a declaration to the effect that she was still alive.

Hon. Mr. King: She was receiving her pension?

Hon. Mr. Haig: Yes, and that was some seventy years after the end of the Civil War.

There is a dangerous provision in this bill. I appreciate that veterans are in favour of it and that it has been passed by the House of Commons Special Committee on Veterans Affairs, but I maintain it will have a dangerous psychological effect. A pensioner of sixty-five or seventy may marry a young woman of twenty-one, and when he dies his widow will be eligible to receive a pension as long as she lives. Furthermore, up to this session a veteran's widow was eligible to receive a pension until such time as she remarried, and then the pension rights were completely finished.

Hon. Mr. Macdonald: That is right.

Hon. Mr. Haig: But according to legislation we passed only a month ago a widow pensioner who remarries may, upon the death of her second husband, draw benefits from the pension rights of her first husband. Now, probably my good friend from Toronto-Trinity (Hon. Mr. Roebuck) will say that my mind leads me this way, but I am always aware that somebody has to pay the piper, and the piper is piping louder and louder every year; and we are getting to the stage that if we have a little less activity there will be difficulty paying for the tune that is called for. War veterans have told me they would prefer it if the commissioners were paid under authority of parliament rather than of the government.

Hon. Mr. King: The salaries of the commissioners come under the Pension Act.

Hon. Mr. Haig: I know that; unfortunately I know the law too well.

Hon. Mr. King: I suppose you do.

Hon. Mr. Haig: I sometimes wish I didn't know it so well. At the present time the salaries of the commissioners are fixed by parliament rather than by the government, and I am persuaded that we should not change this arrangement. I am bound to say, however, that I believe this alteration will mean less than some people think, for while it is true that under the present act the government would have to submit any proposed changes in the commissioners' salaries to parliament, I have never seen a government voted down by its own followers. But, as I say, the veterans feel that the fixing of the commissioners' salaries should be left to a vote of parliament.

Hon. Mr. King: Such a vote is taken each year.

Hon. Mr. Haig: Yes, but the government actually fixes the salaries, and the veterans feel parliament should do it.

Hon. Mr. King: Well, that practice would have to be extended to all branches of government service.

Hon. Mr. Haig: No, no. You may be a good medical man—

Hon. Mr. King: I have had some experience in these matters.

Hon. Mr. Haig: I know enough about the law to know what this means.

Hon. Mr. King: I have had some experience in this, too.

Hon. Mr. Haig: Parliament, not the cabinet, fixes the salaries of judges and members of parliament.

Hon. Mr. King: Yes.

Hon. Mr. Haig: That is in accord with the principle that the veterans would like to see followed in this case.

Hon. Mr. King: Parliament confirms their salaries. You are going around in circles.

Hon. Mr. Haig: I shall continue my remarks, even if you interrupt me from now to doomsday. It is the universal wish of the veterans that parliament fix the salaries of the commissioners; there is no question about that. I can see no reason at all for making the suggested change, and I had hoped that the Leader of the Government (Hon. Mr. Macdonald), in particular, would tell us the reason for it. Under the present act, if the government wanted to increase the salary of the chairman from $12,000 to $15,000, let us say, a bill to this effect would be brought in, and the government has a sufficient majority to ensure passage of the bill.

In all my parliamentary career I have never questioned anything that appeared to be for the benefit of veterans, but this thing is peculiar. If the government can do this, why can it not decide that the salaries of the members of the Senate and the House of Commons shall be controlled by the cabinet, and ask parliament to legislate to that effect? Indeed, the government could do so, if it wanted to. In the same way, why can it not say that the salaries of judges shall be controlled by the cabinet? The duties of chairman, deputy chairman and members of the Pension Commission are semi-judicial. These officials are dealing not with routine matters concerning property and the like, but with the problems of the returned soldier. Of course, a soldier must

have been wounded or contracted a disease before he can draw a pension. Apparently some veterans suffer a mental reaction from their experience, and in drafting veterans legislation we have always aimed to soothe that reaction. Here, I suggest, is a mental reaction reversed, because I know that the committee of the other house was not unanimous in its views, that a minority was opposed to this particular section of the bill, and that the opposition was voiced on the floor of the House of Commons.

Hon. Arthur W. Roebuck: Honourable senators, I have just a word or two to say. I have been much impressed by the remarks made by the honourable senator from Northumberland (Hon. Mr. Burchill) and the Leader of the Opposition (Hon. Mr. Haig) about the salaries of the commissioners. May I point out that the salaries of the members of the Board of Transport Commissioners, and of the judges of the Supreme Court of Canada, as well as of the judges of the county and provincial courts, are fixed by statute. The reason for fixing their salaries by statute is that we want independence of thought on the part of the judiciary and of others who perform judicial duties. The commissioners who administer the Pension Act do a job of a judicial character, as do the members of the Board of Transport Commissioners. While the change proposed in this bill might have little or no effect on the decisions the Pension Commissioners make, and while they might be as independent as if their salaries were fixed by parliament, I think it would be difficult to convince the ordinary veteran of that.

The bill will of course go to a committee, and I think this provision should be thoroughly investigated. It involves not a matter of government policy, but a matter of good judgment; and it is our duty to do what we can to improve the bill when it is before us. We should ask for a full explanation from the minister, or somebody designated by him, as to why this change is proposed; and we can call his attention to the reasons why some of us think the present arrangement is better than the one proposed by the bill. That is my feeling in the matter. Of course, there may be some good reason for the change, but if there is not I think the salaries should be fixed by act of parliament rather than by men who carry out this responsibility behind closed doors.

Hon. Mr. Macdonald: Honourable senators,—

The Hon. the Speaker: May I draw the attention of the house to the fact that if the honourable Leader of the Government speaks at this time he will close the debate.

Hon. Mr. Macdonald: I am pleased to have heard the observations of honourable senators on this bill, for I feel that the act is one of the outstanding pieces of veterans legislation on our statutes.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Macdonald: This act came into being in Canada before a pension act was introduced in any other country, and many countries have since followed the pattern of our legislation, which was introduced by the honourable senator from Kootenay East (Hon. Mr. King).

Hon. Mr. Haig: In what year was that legislation introduced?

Hon. Mr. King: In the session of 1929-30.

Hon. Mr. Haig: Thank you.

Hon. Mr. Macdonald: Apparently the amendments contained in the bill meet with the unanimous approval of honourable senators, except for the section affecting the manner in which salaries are to be fixed. I may say that I am not at all surprised that there is some objection to that provision. However, I would point out that at the present time the salaries of a great many civil servants on the senior level are not fixed by parliament, though whenever there is an increase in their compensation it appears in the departmental estimates and has to be submitted to both houses for approval. I agree that pension commissioners are not civil servants; on the other hand, they are not comparable in the matter of appointment to judges or members of the Board of Transport Commissioners.

Hon. Mr. Roebuck: Why are they not comparable?

Hon. Mr. Macdonald: Because these commissioners are appointed for a term certain. They can be appointed for ten years, but I think at the present time very few of them hold ten-year appointments. My recollection is that there are not more than one or two appointed for the full period.

Hon. Mr. Reid: I believe the chairman has a ten-year appointment.

Hon. Mr. Macdonald: I do not believe that is the case. Speaking from memory, I believe that when the question of his reappointment came up he was appointed only until the date of his superannuation, which is within the next few years.

I agree that the bill should go to committee in order that all these details may be cleared up. However, the fact remains that a pension commissioner may be appointed for one year, as I said earlier, depending on the volume of work to be handled or in the event of the death of a member of the commission. It seems unreasonable that the fixing of salaries for such appointments should be held up awaiting the approval of parliament when it could be done by the governor in council. As I also said earlier, these salaries would come before parliament in the estimates, and they could be reviewed and approved or otherwise dealt with at that time. In these circumstances, I am sure honourable senators will agree with me that the appointment of pension commissioners differs from that of judges, for instance.

Hon. Mr. Roebuck: But they are all judicial.

Hon. Mr. Macdonald: I agree that there is a judicial aspect to the work of pension commissioners; but at the same time I think the fact that their term of office is different justifies the proposed method by which salaries may be fixed.

It has just been brought to my attention that salaries of the chief officers of such crown companies as the Bank of Canada, Central Mortgage and Housing Corporation, the Industrial Bank and the Research Council are not fixed by parliament.

Hon. Mr. Roebuck: Their duties are not of a judicial character.

Hon. Mr. Macdonald: That is true.

In conclusion, I can only repeat that by reason of the possible necessity of appointing additional commissioners from time to time I think we should give the governor in council power to fix salaries, which would be passed upon in the estimates presented to parliament.

Hon. Mr. Roebuck: Could we not give the power of appointment only to the government?

Hon. Mr. Haig: The government has the power to make appointments now.

Hon. Mr. Macdonald: But if the salaries are increased, application must be made to parliament for approval.

Hon. Mr. Reid: Could the act be made to provide that *ad hoc* commissioners should receive the same salary as the deputy chairman?

Hon. Mr. Macdonald: That suggestion can be considered when the bill is before the committee, but for administrative purposes it was felt that the governor in council should have power to fix salaries.

I have had wide association with veterans, and no representations have been made to me which would indicate that this proposed arrangement would be unsatisfactory to them. I am quite sure that all veterans will agree to the arrangement if it permits smoother administration of the act.

Hon. Mr. Isnor: I would like to ask one question arising out of the statement made by the Leader of the Government in the Senate. Reference was made to the War Veterans Allowance Board. That, as I understand it, came into existence in 1930?

Hon. Mr. King: 1929.

Hon. Mr. Isnor: And the Pension Act came into effect in 1916?

Hon. Mr. King: 1915.

Hon. Mr. Isnor: As I understand it, there are two boards: the Canadian Pension Commission, which is covered by this bill, and the War Veterans Allowance Board, which is an altogether different body and is not affected by this bill. Am I correct in saying that?

Hon. Mr. Macdonald: Yes, the honourable gentleman is quite correct. There are two different acts.

Hon. Mr. Isnor: You made reference to the War Veterans Allowance Board?

The Hon. the Speaker: May I draw the attention of the honourable senator to the fact that the debate is closed.

Hon. Mr. Isnor: Mr. Speaker, I am only asking a question.

Hon. Mr. Macdonald: I would answer my honourable friend by saying that pensions are paid by virtue of the Pension Act and war veterans allowances are paid by virtue of the War Veterans Allowance Act. They are two different acts.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Macdonald, the bill was referred to the Standing Committee on Banking and Commerce.

CRIMINAL CODE

REPORT OF JOINT COMMITTEE ON CERTAIN QUESTIONS OF CRIMINAL LAW CONCURRED IN

The Senate proceeded to consideration of the third report of the Special Joint Committee of the Senate and House of Commons on Capital and Corporal Punishment and Lotteries.

Hon. W. Ross Macdonald (for Hon. Mr. Hayden) moved concurrence in the report..

Hon. Mr. Reid: May I ask the honourable leader if it is the intention to set up a similar committee next year to continue deliberations on the same subjects?

Hon. Mr. Macdonald: This report recommends that a committee be set up to continue deliberations on these subjects. This report, of course, cannot authorize the setting up of the committee.

Hon. Mr. Reid: I understand.

The motion was agreed to, and the report was concurred in.

The Senate adjourned until Monday, June 21, at 3 p.m.

83280—43

THE SENATE

Monday, June 21, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

JUDGES BILL

FIRST READING

A message was received from the House of Commons with Bill 478, an Act to amend the Judges Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Macdonald: Next sitting.

THE LATE SENATOR EMMERSON

Hon. W. Ross Macdonald: Honourable senators, I am sure all of us were deeply shocked when we heard this morning of the very sudden passing of Senator Emmerson. I would suggest that we wait until tomorrow to pay oral tributes to our beloved colleague, but that at this time we rise and stand in silence for a brief time as a mark of respect to his memory.

Honourable senators rose and stood in silent tribute.

INTERNAL ECONOMY

PROPOSED AMALGAMATION OF CERTAIN SERVICES—INQUIRY AND DISCUSSION

On the Orders of the Day:

Hon. Thomas Reid: Honourable senators, I should like to direct a question to the honourable Leader of the Government (Hon. Mr. Macdonald). This question, which affects the Senate as a whole, concerns a report given circulation a short time ago about a proposal to amalgamate certain services, such as the post office of the Senate and that of the House of Commons. I should like to know what decision, if any, has been arrived at by our Committee on Internal Economy and Contingent Accounts. I should also like to know whether the Senate itself will be informed about what is happening before the committee arrives at its final decision in this matter. I view with some alarm the possibility that this honourable body might lose some of its rights to the other house, and I am entirely opposed to this.

May I also say at this time that I would like to see the Speaker of the Senate given wider powers in the handling of affairs affecting the Senate.

Hon. Mr. Lambert: Honourable senators, I think I am in a position to reply to the honourable senator from New Westminster (Hon. Mr. Reid), because I was present at the last meeting of the Internal Economy committee. The committee had before it certain recommendations involving expenditures of money, and two other recommendations. On behalf of the chairman of the committee the honourable senator from Bedford-Halifax (Hon. Mr. Quinn) presented to the house a few days ago the committee's report dealing with the recommendations involving expenditures of money, but no report was made with respect to the two other recommendations, because the business in connection with them is not yet finished. They have to do with these questions: first, the administration of the reading room of the Senate; and secondly, the possible co-operation of the Senate with the House of Commons in the administration of the two post offices. To look into these matters the committee appointed a subcommittee composed of the honourable senator from Rockcliffe (Hon. Mrs. Wilson), the Leader of the Government (Hon. Mr. Macdonald) and myself; and when the subcommittee has made its investigations and reached its final conclusions it will report to the committee, which in turn will report to the house at an appropriate time.

Hon. John T. Haig: Honourable senators, I was a member of the special joint committee which met to consider this matter, and I believe I am the only member in the chamber at the moment; therefore, perhaps I should say a few words at this stage of the discussion.

The members of the Senate section of that committee made no promises or commitments at all. We agreed to consider the matter and refer it to the Committee on Internal Economy, from which it will be reported to the house. The only step taken was in connection with the question of newspapers and periodicals, which is being referred to the Joint Committee on the Library of Parliament. The Senate is well represented on that committee, and a report will no doubt be made to the house on that question.

In fairness to all concerned, I should like to say that the House of Commons representatives who served on the special joint committee, and in particular their Speaker, were most considerate; they made no suggestions which would result in the taking away of anything from the Senate by the House of Commons. There was simply a discussion on the basis of mutual co-operation between the two houses; and I as a member of that committee must record my feeling that the

meeting was most harmonious. The object of the meeting was to find ways and means of better utilization of the accommodation in the parliament buildings. When we pointed out that we had no spare rooms available, no demands were made upon us to give up our present rooms.

I may say that I went to the meeting of the special committee with some of the anxiety that I think my honourable friend from New Westminster (Hon. Mr. Reid) has, but after the harmonious discussion I came away with the feeling that it was simply an attempt to bring about through mutual co-operation a better distribution of the available accommodation in the parliament buildings. This whole question will of course have to be referred back to our Standing Committee on Internal Economy and Contingent Accounts, to be reviewed by it and later referred to the house for full consideration.

Hon. Thomas Vien: Honourable senators, I think we should be grateful to the honourable the Speaker of the House of Commons for having prompted a conference to be held between subcommittees of the two houses of parliament on this important question of accommodation in these parliament buildings, which has been a subject of discussion on so many occasions in the past twenty-five or thirty years. In 1917, when I was first elected to the House of Commons, the parliamentary sessions were held in the National Museum building. We entered this building early in 1920, and we immediately discovered that it was too small. The architect explained at that time that it was because of lack of space on Parliament Hill that a larger building had not been erected. This building, however, offers much better accommodation than did the old one that was destroyed by fire in 1916.

Later, when I was Deputy Speaker of the House of Commons, the question of the adequacy of accommodation for members of the Senate and members of the House of Commons was discussed on several occasions.

The Right Honourable W. L. Mackenzie King, then Prime Minister, suggested that, in due course, the east block should be altered and fitted up for the accommodation of the Senate, and that the west block should undergo similar alteration and equipment for the accommodation of the House of Commons. I am convinced that we shall never solve our present pressing problem until we carry out these suggested changes.

This occasion is as good as any to put ourselves on record, as I am doing now. We should draw to the attention of the government, as forcibly as we can, the fact that accommodation in the parliament buildings is not adequate; that we should keep our parliamentary services near at hand—our committees, our reporters, the Press gallery, our journals, must necessarily be easily accessible. The time has come when the east block should be vacated and altered to accommodate the members and services of the Senate, and the west block fitted for the accommodation of the members and services of the House of Commons.

Some Hon. Senators: Hear, hear.

Hon. Mr. Vien: The late Prime Minister King told me that, in his opinion, living quarters of the Speakers of both houses and of the Deputy Speaker of the House of Commons could easily be provided in the east and west blocks, respectively. Each senator and each member of the House of Commons should have his own room. Greater facilities are also needed for our committees branch, for the press gallery, and for various services.

In Washington, as everybody knows, there is a Senate building and there is a House of Representatives building, and both are linked with the main Capitol building by underground passages. A similar arrangement could easily be made here. I strongly urge that this matter should be considered at the earliest possible convenience of the government and that steps be taken to give effect to the foregoing suggestions as soon as possible.

FORMAL OPENINGS OF PARLIAMENT

Hon. Thomas Reid: Honourable senators, I wish to make a suggestion at this time, and I am directing it to the honourable Leader of the Government (Hon. Mr. Macdonald). It affects parliament as a whole, particularly the Senate, and I am bringing it up now because I expect the session will be prorogued this week. My suggestion has to do with the openings of parliament. I am one of those who take the viewpoint that parliament and the country have lost a great deal through discontinuance of formal openings. I know there are those who say "It is all very well to put on a show, but...." Nevertheless, I am advocating that we go back to the former splendour on these occasions

It is well known that before the days of the Russian revolution the Czars put on a great show of gold and glitter. It might have been thought that when, after the popular rising, they were deposed, an end would have been put to those formalities; but from what I learn, the glittering show which the Russian official representatives present at their public functions makes even our Cabinet Ministers in formal attire look almost naked. I notice that the British parliament has

revived the formalities which were interrupted by the last war. By and large, in my opinion, people like forms and ceremonies; and I am one of those who would like to see us adhere to the old practice in this respect, because there is something good in many of our ancient traditions.

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: At one time this chamber was the scene of a full-dress opening, attended by the Supreme Court Justices in their robes of office, and by the military in full dress. It was one of the great events in the life of Ottawa. Even if I am alone in my views on this matter, I would support a return to our fine pre-war traditions. I leave this thought with the honourable Leader of the Government (Hon. Mr. Macdonald) and I hope he will give some consideration to it.

Hon. Mr. Macdonald: I shall see that the suggestion made by the honourable member from New Westminster (Hon. Mr. Reid) is brought to the attention of the government.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

THIRD READING

Hon. T. A. Crerar moved the third reading of Bill 469, an Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1954, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

Hon. Mr. Haig: On division.

Hon. Thomas Reid: Honourable senators, before this bill is read the third time, I rise to put on record something which does not appear in the report of the Standing Committee on Transport and Communications. But first I should mention that the committee had before it a first-class witness. Though all of us may not have agreed with everything he said, we realized that he knew his job, and he answered fully all the questions put to him.

The fact which I wish now to put on record is that, as disclosed in committee, the estimated cost of the hotel which we discussed, and which I opposed, is not $20,000,000 but $25,000,000. In answer to a question which I put, Mr. N. J. MacMillan replied that in his opinion the C.N.R. would easily gain 4 per cent interest on the $25 million. I want that placed on record for future reference. If I am wrong in predicting that the hotel, if and when it is completed and operating, will not earn anything like 4 per cent, I will be the first to admit it. On the other hand, if my forecast is correct, then I will not have to say "I told you so".

The motion was agreed to, and the bill was read the third time, and passed, on division.

PUBLIC SERVICE SUPERANNUATION BILL

SECOND READING

Hon. John J. Kinley moved the second reading of Bill 463, an Act to amend the Public Service Superannuation Act.

He said: Honourable senators, this bill, entitled an Act to amend the Public Service Superannuation Act, comes to us from the House of Commons. It was introduced there by resolution, and after being given second reading it was referred to the Standing Committee on Banking and Commerce, where it was considered at great length and expert witnesses were called to give evidence. It is a government bill, and we are told it received very careful consideration before the decision was made to introduce it. The bill involves a compulsory plan, and it is evident that a plan of this sort must be compulsory in order that low rates may be available. We are told the proposals were referred confidentially to the National Joint Council of the Public Service of Canada. They made a number of suggestions, most of which, we are told, have been incorporated into the bill and they endorse the broad outlines of the plan as a whole.

The purpose of the bill is to supplement, or round out, the pension benefits provided under the Public Service Superannuation Act and the Defence Services Pension Act, by adding to them a contributory scheme for death benefits, which briefly are as follows: Death benefits up to a maximum of $5,000 for a spouse or estate of a public servant or a member of the regular forces. This is in addition to superannuation or pension benefits. The right to death benefits will continue in certain circumstances if a public servant ceases to be employed by Her Majesty, or a member of the regular forces ceases to be such a member.

Section 1 of the bill provides that this amendment shall be incorporated into and become a part of the Public Service Superannuation Act, Chapter 47 of the Statutes of 1952-53. Then the bill goes on to detail the amendments.

First, there is the basic benefit of the plan, to be section 39 of the act. This in the case of a public service employee will be

the employee's annual salary adjusted upwards where necessary to make it an even multiple of $250, with a top limit of $5,000. In the case of the armed forces the amount will be an even $3,000 for persons below the rank of chief petty officer in the navy, and warrant officer in the army or air force, and $5,000 for all others. The rate of contribution by all those covered will be 10 cents a month for each $250 of benefit, that is 40 cents per month for each thousand dollars of insurance.

The government's contribution will take the form of the payment of one-sixth of the benefits to those who die while in the service. This will replace the present gratuity of two months' salary at death, which the government has been paying under section 56 of the Civil Service Act. If there are civil servants who are not covered by this scheme, the two months' gratuity at death will still be available under the same conditions as before. A similar basis of contribution will apply in the case of the armed services. The insurance will be in full force until the contributor has attained the age of sixty if he is in the service. After he reaches the age of sixty the basic benefit will be reduced by one-tenth each year until the privilege expires, except that the basic benefit shall never be less than one-sixth of the salary, if he is in the service.

The public servant or member of the armed forces who has five years service may, upon leaving the service, elect to continue the insurance, in which case he would pay an additional one-sixth. On the death of a participant the benefits would be payable as follows: if he dies leaving a spouse, to the spouse; if he leaves no spouse, to his estate. Subject to regulations under section 50 of the act, the benefit shall be paid in a lump sum.

There is a provision that the bookkeeping in the Consolidated Revenue Fund shall be known as the Public Service Death Benefit Account, and a similar account would be kept for the armed forces, known as the Regular Forces Death Benefit Account.

Upon leaving the service, persons who elect to continue as participants shall be issued with a certificate, and the insurance will be discontinued if the regular contributions are not paid within thirty days after the due date. Benefits cannot be assigned, attached, or given as security, and any such transaction is void.

Once in every five years an actuarial report, giving the condition of the fund, shall be made. The minister must lay before parliament each year a report of the administration of the act. The governor in council may make regulations to carry the purposes and conditions of this part of the act into effect.

Section 56 of the Civil Service Act does not apply to a participant. Section 51 does not repeal the Civil Service Insurance Act, but provides that no new contracts will be written under it and that present contracts will be carried on.

Lastly, the act shall come into force by proclamation.

This bill has been somewhat controversial, and naturally so, because it is something new. It affects individuals in large numbers and the universal coverage is objected to by some members of the civil service. It is said that the opposition comprises only a small minority. However, the principle of the bill is well received, and the details can be better discussed in committee. It is my intention if the bill gets second reading to move it into the Committee on Banking and Commerce, where further information can be obtained.

Hon. Mr. Haig: Before the honourable gentleman sits down, may I ask him a question? Is every participant obliged to take insurance of $5,000?

Hon. Mr. Kinley: No.

Hon. Mr. Haig: If an employee, now 60 years old, has been employed by the government for say, twenty-five years and will be superannuated at 65, will the policy go on, or what happens? Again, supposing an employee, age 21, has been in the service for only two years, and is still in the service at the age of 30, when he gets married, what happens? Or if an employee in those circumstances were a young woman, what would happen to her insurance when she got married?

Hon. Mr. Kinley: I did not deal with specific cases, because I thought they could be dealt with in committee. However, I will attempt to answer my honourable friend.

Section 39 defines "basic benefit" as follows:

(a) "basic benefit" with respect to a participant means

(i) five thousand dollars, or

(ii) the salary of the participant if it is a multiple of two hundred and fifty dollars or the nearest multiple of two hundred and fifty dollars above the salary of the participant if it is not a multiple of two hundred and fifty dollars,

whichever is the lesser amount.

In other words, a participant's basic benefit is approximately his salary, provided it is not in excess of $5,000.

May I ask the honourable senator to repeat his second question?

Hon. Mr. Haig: What happens to the policy when the contributor reaches the age of 60?

Hon. Mr. Kinley: When he reaches 60 years of age it is reduced by one-tenth each year.

Hon. Mr. Hugessen: What is reduced by one-tenth?

Hon. Mr. Kinley: His basic benefit is reduced by one-tenth, and of course he pays according to his basic benefit. I read the evidence that was given before the House of Commons committee, and I think there is good reason for that provision. The participant's superannuation benefits have grown by that time. A person is usually not considered a risk for insurance purposes at 60, and the decline in benefits under this act is cushioned over a period of ten years.

Hon. Mr. Hugessen: If a contributor retires at 60, and dies at 70, he gets nothing at all?

Hon. Mr. Kinley: If he remains in the service after 70, and dies while in the service, his basic benefit will not go below one-sixth of his annual salary, for two months' salary will be paid to his widow or other dependent, under a provision in the Civil Service Act.

Hon. T. A. Crerar: Honourable senators, I suggest that some features of this bill should be very closely examined. I confess at once that I am opposed to the compulsory principle of the proposed legislation.

Hon. Mr. Haig: May I be permitted to interrupt the honourable gentleman? I wonder if in his remarks he would give us some illustrations of the effect of the provisions of the bill. I have read them, but I fail to understand what they do.

Hon. Mr. Crerar: Yes; in my perhaps somewhat clumsy fashion I intend to come to that.

Hon. Mr. Haig: Thank you.

Hon. Mr. Crerar: The honourable senator who sponsored the bill (Hon. Mr. Kinley) gave an explanation of its provisions and, as I understand them, everyone in the civil service is brought into the net.

Hon. Mr. Howard: Right.

Hon. Mr. Crerar: Every employee in a crown corporation, unless for some reason or other the government decides to exclude that corporation, is brought into the net; and all members of the armed forces are brought in. But that is not the total score. If a civil servant leaves the service he may elect to continue under the benefits of this plan by paying the required premium. The same is true with respect to members of the armed forces: A soldier who enlists for three years is automatically brought under the scheme, which is in effect term insurance, and if his service ceases at the end of three years, he may continue under the plan by making the necessary payments until he reaches the age of 60 or 65 years.

Hon. Mr. Kinley: If the honourable gentleman will pardon a correction, I think he will see by section 41 of the bill that a person must have served for five years before he can elect to continue under the plan.

Hon. Mr. Crerar: Very well; I will accept that correction from the honourable senator. At any rate, the principle is I think stated very clearly in the remarks that I made.

Honourable senators, that is very briefly a broad survey of the character of this legislation. Now, who comes under the plan? Everybody comes under it.

Hon. Mr. Haig: What do they pay?

Hon. Mr. Crerar: Let us take as an example a stenographer employed in the public service whose parents are dead; she is looking forward to the termination of her service with the government, when she can retire and draw her pension; she has no one in particular to whom she wants to leave $5,000, should she die within one, two or three years after the plan becomes effective. But willy-nilly, whether she desires it or not, she is under the plan. It applies to everyone in the service.

That feature of the bill is of course the exercise of compulsion: it compels persons to do something that they may not want to do and is an interference with what should be their unquestioned freedom to make their own choice. Why is this compulsion sought? The honourable senator gave the explanation when he said that in order to get a lower rate you must have full participation. But, I say, that does not justify the procedure. As a matter of fact, the government should not be in this kind of business at all.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Crerar: If the employees of the federal government want insurance, it is available under many different kinds of group plans from regular insurance companies. What is needed is the power to resist the demands made by some civil servants that the government must do something for them by way of group insurance, which they should do for themselves.

I believe that on the whole we have a very good civil service. I have no hesitation in saying that the service is too large, but on the whole it is capable. It is equally true to say that parliament, which represents the people, has on the whole dealt justly and fairly with civil servants in the matter of remuneration, working hours per week, holidays and pensions upon retirement.

Hon. Mr. Reid: And sick leave.

Hon. Mr. Crerar: I do not think anyone can dispute that we have been, if not overly generous, at least very fair with the civil service. This bill would take us one step farther, and its compulsory feature is one that I frankly cannot support.

In my judgment there is one other objectionable feature of the measure. What guarantee can the honourable senator who sponsored the bill (Hon. Mr. Kinley), or anybody else, give us that this scheme is actuarially sound? No one can give us such a guarantee. I would like to have a report from some independent actuaries as to whether this scheme is or is not actuarially sound. In this respect may I remind the house that we have had adventures similar to this one in the past. Away back many years ago—if my memory serves me rightly about fifty years more or less—there was introduced a scheme by which people could buy government annuities from the Department of Labour or through the post offices by paying certain sums of money supposed to cover the cost. Today any person who wants to buy an annuity has the choice of a dozen or more life insurance companies which will be glad to serve him; but that was not the case when the annuities scheme was first entered into, and for that reason I am bound to say I thought it was a reasonable provision at that time.

Now, the annuities scheme was supposed to be actuarily sound. It has not been. The government from time to time has had to contribute millions and millions of dollars to keep the annuity fund solvent, so that payments could be made on demand to those who held contracts for the payment of annuities. That is one illustration.

May I give another illustration: the civil service superannuation fund. That fund was clearly based on a sound principle: that the employee would make his contribution, and the government would make a contribution and administer the fund. It was supposed to be placed on a sound actuarial basis and on the basis of the actuarial tables it was calculated what contributions were necessary in order to keep the fund solvent. Well, honourable senators will recollect that for the last several years we have been making huge payments to the superannuation fund to put it in a solvent condition.

Hon. Mr. Reid: Because of a paper deficit.

Hon. Mr. Crerar: That is another illustration of where the calculations went wrong.

I have only one other instance to mention, a more recent one, the Old Age Security fund. When Old Age Security payments were inaugurated, several years ago, there was devised a formula under which certain taxes would be earmarked for the fund. That was known as the 2-2-2 formula: 2 per cent to be contributed to the fund from corporation taxes, 2 per cent from sales taxes, and 2 per cent from personal income taxes, and it was said that the revenue derived under this formula would, after a few months' experience, support the fund. Has it done so? The Old Age Security fund is in the red—

Hon. Mr. Kinley: Aren't you glad that it is? It indicates that people are living longer.

Hon. Mr. Crerar: —and indebted to the Consolidated Revenue Fund of Canada to the extent of some $200 million today, and this the taxpayers will have to provide.

Now, all I am pleading for is that the scheme presented to us in this bill should be very closely examined. We should give an opportunity to civil servants who do not want to contribute to the fund to appear before us and state their reasons. I am informed that the Civil Service as a whole was not consulted in connection with this proposal. If my information is correct, some leaders of the Civil Service were consulted but they were not permitted to discuss the matter with their membership at large; and if my information is not correct, of course I very much regret having mentioned it. At any rate, there is apparently in the Civil Service substantial opposition to this measure. I do not think that parliament should compel people against their wishes to come into an arrangement of this kind.

And, as I have said, I do think this proposal should be very closely scrutinized by independent actuaries. Every man or woman who puts on a uniform, whether of the air force, the navy or the army, will come under this fund. God forbid that we should become involved in another war, but that possibility exists, else we would not be making all the preparation we are making today. If we do, and heavy casualties should result, we shall have automatically insured every one of them under this plan. Now, all I am suggesting to my colleagues here today is that this is one of the really important bills from a monetary point of view that have come before the Senate this session, and I do think it should have the closest consideration when it is before a committee. We should know where we are travelling. We should not be satisfied to have the committee meet and report the bill back to the Senate without an opportunity having been given to opponents of the bill to appear and state their views.

Honourable senators, that is all the contribution I wish to make to this discussion, but I do feel that I would be remiss in my

duty as a member of the Senate if I did not point out these considerations, which to me appear to be very important.

Hon. Muriel McQ. Fergusson: Honourable senators, in substance the bill before us provides for the establishment of a scheme of insurance or death benefits for members of the Civil Service and of the armed forces. I am sure we all approve of the broad principle of insurance, and we appreciate that protection afforded through participation in group insurance schemes is a very good thing. The basic idea of providing insurance for those who need it is very sound, and I do not think there can be any doubt of the wisdom of individuals who are carrying heavy responsibilities lessening their own risks by joining in a scheme of insurance with others who are in a similar situation.

Usually, in connection with group insurance, the responsibility of the state is ordinarily just to enable the parties through legislation to join together in a common scheme. The government usually proposes that there be included in the legislation safeguards against fraud and imprudent business practices that might come into the scheme. But in this instance the state is the employer, and it is taking the initiative in introducing the scheme. Whenever an employer initiates a scheme of this sort, he is open to the charge of unfairness on the part of some participants, of course. But no matter how meritorious the employer may consider the plan—and I have no doubt that the government, when introducing this plan, considered that it had great merits; and I, too, believe in the merits of group insurance—but no matter how meritorious it may seem to the employer, he must give careful thought to any reasonable objections that are made by his employees, even if they are made by only a minority. And I think the employer should not only give careful thought to the questions of justice and fairness, but he should also take into consideration the matter of harmony within his own organization.

Now, honourable senators, from the number of dissatisfied civil servants who have approached me personally to complain about this bill since it was introduced into the House of Commons on May 25, 1954, and from their strong opposition to it, I feel that I must bring to the attention of the honourable members of this house and to the attention of the government that the bill is certainly creating disharmony within the Civil Service.

Then, too, when an employer introduces a scheme such as this, and particularly if it is one to which the employees themselves are to make the larger bulk of the contributions, thorough consultation is had with the individuals concerned to know whether they are willing to participate. The honourable senator from Churchill (Hon. Mr. Crerar) has already mentioned that in this instance no such thorough consultation has taken place, so I will not labour the point, but it seems to me that if civil servants had had the same opportunity as members of the armed forces have had to learn the contents of the bill, the government would have discovered that very strong opposition could be expected.

Most of those who have approached me in this connection are single women employees, but I am told that a large number of men employees, single and married, object to the compulsory feature, both because it will work a hardship on their women fellow-employees, and because many of the men concerned have already made ample provision for the cost of illness and the expenses incurred in case of death. They feel that this insurance, which, if the bill is passed, they will be compelled to take, will be an addition to what they already have, because it does not in any way replace the provisions for security for which they have already subscribed. If they now have medical health insurance, they must continue it, for under this bill they will not be entitled to recover the costs of illness unless the illness results in death. If they have some plan to defray the expenses of their funerals, they must nevertheless retain that protection because, unless death occurs before seventy years, the costs involved do not become a charge against the benefits provided by the bill.

I was approached on this matter very soon after the bill was introduced, and I felt that, as a woman, it was my duty to give it all the attention I could. I attended the meetings of the Banking and Commerce Committee of the other place, and I also read in the press, as no doubt other honourable senators have done, the reports of comments made in that committee. As a citizen of a country which has subscribed to the declaration of human rights, under which discrimination on the grounds of race, colour, creed and sex was recommended to be abolished, I very much resent the slighting references which were made to unmarried women employees in connection with the opposition to this bill. Perhaps such remarks are inevitable. But I venture to say that many women employees who remain unmarried do so from choice; many others are unmarried because the men whom they might have married were killed in the first or the second world war. That

fact, instead of giving rise to amusement, should have awakened a protective feeling of chilvalry towards them.

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: All these people are human beings. Most of the women civil servants I know work hard, and from my own experience I would say that many of them work harder than the members of the opposite sex who hold similar positions, because we women who have been in professions and in business know it is one of the facts of life that if we are to be considered as good as a man we actually have to be at least twice as good—

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: —and we have to work at least twice as hard. Women are employees, as men are employees, and surely the marital status of either is not a subject for jocular comment.

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: Honourable senators will recall that I requested from the government figures showing how many women were employed in the Civil Service as of October 31, 1953, and also how many of those women were single. The reply given by the honourable Leader of the Government (Hon. Mr. Macdonald) on June 10 was that there are 30,389 women in the Civil Service, and there was a breakdown as to those who are temporary and those who are permanent. I might mention that both temporary and permanent employees come under the Public Service Superannuation Act, and are therefore covered by the present bill. I was told that there are no figures showing how many women employees are married and how many are single. Realizing that I had not worded my question clearly, I asked for information as to how many of these women had single status. I understand that when any person desiring to become a member of the Civil Service is required to state on the application form whether he or she has single status, but it appears that up-to-date information on this question is not obtainable. However, in view of the provisions of section 36 of the Civil Service Regulations, which states that "no married woman whose husband is living shall be eligible for appointment to the Civil Service", I believe I am justified in supposing that the large majority of these 30,389 employees have single status. It is true that section 36 provides for some exceptions, but I have reason to believe that married women employed in the Civil Service under these exceptions are very greatly in the minority.

In this connection I would like to state that this also is one of the regulations of the Civil Service to which I strongly object. An applicant for a position in the Civil Service should receive the appointment on the strength of his or her qualifications and not on marital status. I do not see why a highly qualified woman should be refused an appointment in favour of a man whose qualifications are less. For one thing, it is not a very economical way in which to carry on the nation's business.

Figures have been given in committee to the effect that there are 120,000 Civil Service employees. It would appear then that about one-quarter, or 25 per cent, of those employees are women, and that most of these are of unmarried status. One-fourth certainly does not represent the small minority which the honourable gentleman from Queen's-Lunenburg (Hon. Mr. Kinley) referred to. In my opinion it is a rather large minority, certainly large enough that their complaints deserve serious consideration, and the legislation to which they object should receive very serious reconsideration or amendment.

Honourable senators, one of the arguments presented to me by single women employees is that they have already made provision for their own last illness and burial and that they do not have dependents to whom they wish to leave an estate. I know that I am repeating somewhat, but I want to recount their arguments. I am not just generalizing, for I have inquired from a number of women employees as to just what protection they have. They gave me facts and figures which certainly convinced me that, through participation in a medical health plan or some similar scheme, they have adequately provided for their last illness and death. I am sure it will be admitted that women are generally more provident than men in matters of this kind, and so I believe them when they claim they have made such provision.

These women feel that if this bill becomes law they will need to continue providing for medical services, hospitalization and burial, for the death benefit under this bill will not cover them in case of illness from which they recover, nor will it take care of their funeral expenses should they die after the age of seventy. On the other hand, their present type of coverage is sufficient to take care of the cost of illness from which they recover and expenses incurred as a result of death at any age.

It is a well-known fact that women live longer than men, and I secured information from the Bureau of Statistics disclosing that the normal span of a woman's life is three

to four years longer than that of a man. A week ago today I heard a radio report of a speech made at the annual meeting of the Canadian Medical Association held in Vancouver, in which it was stated that death before seventy is now considered premature. It is not surprising therefore that women employees in the civil service feel this legislation is weighted heavily against them because the benefit vanishes at the age of seventy.

I have also been told by many of these women that they have no interest in increasing the amount they might leave in their estates. Early in their lives many of these women were burdened with financial responsibility on behalf of their parents or younger brothers or sisters. I am sure honourable members will agree that spinster members of families have assumed this responsibility since time immemorial, and this is another reason why some of them have never been able to marry. Nevertheless, they have willingly assumed this responsibility, and I do not think they should be prejudiced for having done so. As these employees grow older their parents die; and their younger brothers and sisters, upon becoming independent, do not wish to see their spinster sisters, who have already sacrificed so much for them, continue to be deprived of even small amounts of money in order to provide further for them by leaving estates; they feel they have already received enough in the way of money and care from these older sisters. To compel a single employee, or indeed any employee, to contribute to a plan which would create an estate to be distributed—as it has been suggested—to charity, seems to me to be unreasonable and far-fetched, even though it may appear to be a Christian ideal. I think at the very least an employee should be able to decide for himself whether he wishes to leave such an estate.

I was also told by the women who approached me that although this legislation is intended to be a rounding out of the Public Service Superannuation plan, they feel it is based on a different principle. Here is why. Under the Superannuation Act the employee participant or his estate always gets back the money which has been contributed, either at the time he leaves the Civil Service or upon his death, or by way of superannuation payments upon his retirement. Under the proposed scheme, unless the participant dies before the age of seventy he will get back nothing whatever from what he has contributed. If death before the age of seventy is considered to be premature, and if it is true that the normal life span of a woman is longer than that of a man, then there seems to be reasonable ground for dissatisfaction among women employees in the civil service.

It has been stated that an optional scheme or one which excluded single women would be more costly, but the women with whom I have talked have pointed out that the cost of such a plan would be borne by those who want the protection and who might conceivably receive some benefit from it. It has also been stated that the cost of an optional scheme would be prohibitive. However, some of my women informants have pointed out that deductions are now made from their salary cheques for the Public Service hospital-medical insurance plan, which operates on an optional basis; and I also understand that deductions are made from pay cheques for contributions to the Blue Cross Plan. I believe that a staff in the Department of Finance looks after these deductions, and from this year's estimates it would appear that the cost of this administration is not great. Those who brought this to my attention cannot see why this staff, with some additional members, or another similar administrative staff, could not, with little additional expense to the government, make the salary deductions for a death benefit plan placed on an optional footing.

The women employees in the Civil Service do not have an organization of their own; therefore they are unable to speak with one voice on this subject. However, their recent experience with this bill has made them realize the value of such an organization, and I would not be surprised to see one come to life very shortly. Because of this lack of a united voice, and because the women employees of the Civil Service in the city of Ottawa wanted to have some figures to show that their objection to the compulsory feature of this bill was shared by a large number of them, they circulated a questionnaire. The results show that of 1,700 who received the questionnaire 90 per cent registered strong objection to the compulsory feature; and 69 per cent want women left out of the scheme entirely—which does not mean that the remaining 31 per cent wanted women included, for many of their answers were so qualified that they could not be listed as "Yes" or "No."

I might add that I visited my home province of New Brunswick within the past two weeks, and as I know many civil servants there I asked some of them what they thought about the death benefits proposed by the bill before us. I was told that there was strong objection to the compulsory feature, not only on the part of the women, but also on the part of the men, and that all were uneasy at this arbitrary decision of the employer.

Honourable senators may be interested in a report, dated June 15 last, which appeared in the *Journal of Commerce* of New York. It shows that the Senate of our great neighbour to the south is at present considering a bill to provide group insurance for federal employees, and a Senate committee is conducting exhaustive hearings in that country. The group insurance contemplated by that bill will be on a voluntary basis.

In view of the representations which have been made to me, honourable senators, I feel that this proposed legislation should receive very serious study by this house. I repeat that I believe in the general principle of group insurance, but in my opinion the bill has some very objectionable features. It seems to me that this is an occasion when the Senate should exercise that "sober second thought", which according to the great statesman Sir John A. Macdonald, who later became Canada's first Prime Minister, is one of the chief functions of the Senate.

Hon. Senators: Hear, hear.

Hon. Cairine R. Wilson: Honourable senators, the honourable senator from Fredericton (Hon. Mrs. Fergusson) has put the case so well that I feel there is nothing left for me to add, except to say that I strongly support everything she has said. I think I have had an even higher proportion of women civil servants express their disapproval. In one department at Ottawa 82 out of 85 objected, and in another department I think the proportion was larger than that. I join with the honourable senator in saying that this bill should receive the most careful consideration, and that civil servants, both male and female, should be given an opportunity to express their opinions.

Hon. Thomas Reid: Honourable senators, so far one question in regard to this bill has not be answered satisfactorily, to my mind. Why the haste in dealing with the bill when we are so near the end of the session? That question was asked in the other house also.

Let us examine what has taken place in regard to this proposed legislation, compared with other government bills. Take the pension Bill, for instance: every opportunity was given to the representatives of the Canadian Legion and other interested bodies to appear before the committee to which the bills was referred by the other house. Similarly, representatives of the banks had full opportunities to express their views on the Bank Bill. And so it goes. But in this instance the government seems to have changed its policy. I can well understand why the C.C.F. party is supporting this legislation. Indeed, it looks to me as if the government has swallowed up the C.C.F., because that party has nothing more to advocate by way of social legislation than the nationalization of health services. The great Liberal party, the party that believed so strongly in free enterprise, has at last gone down the road of social welfare, and bit by bit we have lost our liberties and exchanged our heritage for a mess of pottage. I say without fear of successful contradiction, as one who has always been a fighter for the privileges of the people and as a real Liberal, that I view with alarm the apathy with which the people of Canada have since the last war allowed municipal, provincial and federal governments to encroach bit by bit on their liberties.

Before I forget, I should like to deal with one matter mentioned by the honourable senator from Churchill (Hon. Mr. Crerar), that of superannuation. Honourable senators will recall that the subject was before the house last year.

Hon. Mr. Horner: You mean annuities?

Hon. Mr. Reid: I refer to both annuities and superannuation, but particularly superannuation. I never did get an answer to my query as to why the country on the advice of actuaries, put up millions of dollars to support the superannuation fund. I placed some figures on the record last session, and I shall place a few more on it today, to show that the payments made into the superannuation fund have almost met the expenses of the fund.

In 1953 the fund disbursed $15,352,000, and it received as contributions from civil servants $13,927,000, leaving a deficit of $1,425,000. How the actuaries could say that some $180 million was required to make up the deficit, is something I have never yet had explained to me. Perhaps the honourable gentleman from Churchill (Hon. Mr. Crerar) did not hear the interjection I made while he was speaking, to the effect that it was just a paper deficit and not an actual deficit.

Civil servants are not like factory workers who come under the unemployment insurance scheme and who, when there is a depression, may be laid off by the thousands; on the contrary, when one joins the civil service it is a generally accepted fact that he is there for life, for the tendency is to increase rather than decrease the number of employees.

I should like to know the exact number of single women in the public service. My advice to the honourable senator from Fredericton (Hon. Mrs. Fergusson), who made an inquiry earlier in the session on this subject, is that she should phrase her questions very carefully with a view to what she hopes to find out. My experience is that the

authorities look over these questions, and sometimes answer them within very narrow bounds.

Hon. Mr. Macdonald: I should like to inform the member for New Westminster (Hon. Mr. Reid) that it was impossible to get the information that the honourable lady from New Brunswick requested. The information is not a matter of record, and I think she is satisfied that it is not available.

Hon. Mr. Reid: I hope we get the information as to the number of unmarried women in the service when this bill is before committee. As the honourable lady pointed out, when a woman joins the service she has to give her domestic status, and all that information is recorded and tabulated.

Hon. Mr. Macdonald: I am informed the information is not tabulated.

Hon. Mrs. Fergusson: Honourable senators, I am aware that the information is not tabulated. However, I do believe that it is contained in the files of the Civil Service Commission. I know from my own experience that every year, when civil servants make their income tax returns, they must state whether their marital status has changed within the past year. While I think that information would be available in individual files, I realize it is not in tabulated form in which the honourable Leader of the Government could supply it to me.

Hon. Mr. Reid: I take it that the great proportion of females working in Ottawa are unmarried. Indeed, it has been said that women who come to Ottawa to work in the public service deny themselves the opportunity of matrimony; for most of them it is a life of celibacy. Those women who have spoken to me are all single; and they protest against this measure because they have had no opportunity to express themselves on it and it offers no direct benefits to them.

Under normal circumstances, when one takes exception to a bill that comes before parliament he may in the end have to bow to it because it represents the voice of the majority, but he at least is given an opportunity to express his viewpoint along with other interested persons. In this case, however, the government went secretly to one branch of the public service about the bill, and it went to the army in the same way. That is surely unprecedented procedure; never in my time in parliament has the government discussed a bill it was going to introduce—not even in a government caucus.

I repeat, why all the haste in this instance? It is my opinion that this bill was conceived by some of the higher officials in the government. Indeed, I personally doubt very much if the bill was thought up by any cabinet minister. If it is the product of a minister, I should like to know who he is. Having been, as I believe, conceived by some high officials, it was brought forward and is now being rushed through parliament in the dying days of the session.

Hon. Mr. Kinley: The Minister of Finance moved the second reading of the bill in the other house.

Hon. Mr. Reid: I know he moved the second reading, but that is not what I said. My question was, who "thought up" the scheme of giving death benefits under a compulsory plan? I know, of course, that the minister introduced the bill and had to take responsibility for it, and said he wanted to get it through this session.

I intend to reserve the rest of my remarks until the bill goes to committee. But I say now that if the bill is as good as some say it is—and I am sure it has some favourable features—what have we got to fear by allowing representatives of the Civil Service group to come forward and argue their case?

Hon. R. B. Horner: Honourable senators, perhaps there is very little need for me to add anything further to the discussion on this bill, as the honourable senator for New Westminster (Hon. Mr. Reid) spoke on the particular point that I intended to specifically object to. The second reading stage is when one should declare oneself on the principle of a bill, and if the bill is given the second reading and sent to committee, it is too late to do much on the third reading. However, I rise particularly to congratulate the honourable senator from Fredericton (Hon. Mrs. Fergusson)—

Hon. Senators: Hear, hear.

Hon. Mr. Horner: —upon her very able speech in defence of women civil servants. I may say that I think the people of New Brunswick are indeed fortunate in having a lawyer of her ability to represent them here. I imagine she would be very efficient when pleading a case in court.

I happen to know personally some women civil servants who are in the category that the honourable senator mentioned, who in early life perhaps might have married, but they had to support a mother and younger brothers and sisters. Now they are in a position where this death benefit will be of no use to them whatever, for they have made their own insurance arrangements.

Particularly, however, I want to say that the compulsory feature of this bill smacks of socialism. Every year, in the past several

years, there have been laws passed which are nothing less than a further dose of what we are told is good for us, but which nevertheless further deprives every individual of the freedom to choose, to select, whatever he may need—in this case, insurance. That is, of course, a bill that socialists agree with, for it contains a large dose of socialism. I certainly object to the bill, on that principle mainly.

Hon. A. K. Hugessen: Honourable senators, in view of the remarks of the honourable senators who have preceded me, I am not at all certain that I would be disposed to have my vote for second reading considered as meaning that I support every detail of this bill, because I think a very strong case has been made out by some who have spoken this afternoon for a very extensive examination in committee before this bill is reported back to the house.

I am not altogether opposed to the principle of compulsory insurance in the Civil Service, assuming that it can be worked out on a basis that is fair to all or to the very large proportion of the people concerned. But I must say that the observations of the honourable senator from Fredericton (Hon. Mrs. Fergusson) have led me to think that that may not be so in the present case.

There was one point that occurred to me about this bill, which I have read only very casually during the course of the debate. I should like to ask the honourable senator who sponsored the bill (Hon. Mr. Kinley) if these contributions by the participants, as set out in section 42, namely, ten cents per month for every $250 of salary, are going to meet substantially the whole cost of this scheme, because I cannot find any provision for contributions by the government. What proportion of the total cost is to be paid by the individuals themselves?

Hon. Mr. Kinley: I may say that I have had no information as to that, beyond the evidence taken before the committee of the House of Commons, and the announcement made in that house that it was not expected the bill would be an extra burden on the treasury.

Hon. Mr. Hugessen: Then we can assume that this ten cents per month per $250 of salary which the participants are expected to contribute will substantially pay for the cost of the whole scheme?

Hon. Mr. Kinley: Under the regulations the government pays two months' salary after death.

Hon. Mr. Hugessen: Yes, I realize that.

Hon. Mr. Kinley: And the government bears the cost of administration, too.

Hon. Mr. Hugessen: That is pretty small. Apparently the participants are to bear practically the whole of the expense of this scheme, yet section 44 provides:

> 44 (1) Benefits shall be paid as follows:
> (a) if the participant died leaving a spouse, to the spouse; . . .

And I notice in section 50 that:

> The governor in council may make regulations . . . prescribing the circumstances in which a deceased female participant who, in the opinion of the Treasury Board—

This is lovely—

> —was at the time of her death living apart from her husband by reason of his desertion, shall, for the purpose of this part, be deemed to have died leaving no spouse:

Well, it seems to me that this is paternalism gone mad. If these people are paying for their insurance, surely they and they alone should say to whom the insurance should go at their death, and all this nonsense of the benefits going to the spouse in certain cases and going to the estate in other cases should be taken out of the bill.

Hon. Mrs. Fergusson: Might I answer the honourable senator by saying that that provision was not in the original bill. As I remember, one of the organizations objected to the wording that the benefits would go to a spouse who had not been living with the civil servant who died, and that provision was inserted because it was thought to be more acceptable. If the money did not go to the spouse it would go to the estate of the deceased.

Hon. Mr. Hugessen: Well, if these people are paying almost entirely for their own insurance, neither the Treasury Board nor anybody else should have any say as to where the benefits of it are going.

Hon. John T. Haig: Honourable senators, I do not intend to speak to any extent on the bill, but I do want to congratulate the honourable senator from Fredericton (Hon. Mrs. Fergusson) and to say that she made a splendid speech on this question here this afternoon.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: If the women of Canada needed any proof that women are useful in the Senate of Canada, they have certainly got it now. I listened with pleasure to the honourable senator from Churchill (Hon. Mr. Crerar) and to the honourable senator from Inkerman (Hon. Mr. Hugessen), but nobody has given me yet any figures as to what the bill does or any illustrations of what it might do. I do not know how many members of this house are

enrolled under a group insurance plan, but I am. A firm that I was associated with many years ago entered into a group insurance contract on behalf of its employees. It was not a compulsory scheme. In that office there were ten lawyers, about twenty stenographers and some other help, and in order to make the contract effective I think at least seven lawyers and a certain number of stenographers had to participate.

Hon. Mr. Macdonald: I suppose the larger the number in it the less the individual premium would be.

Hon. Mr. Haig: No, the premium was the same no matter how many were in it. The policy for a partner was $5,000; for a lawyer, who was not a partner, $3,000; and for other staff members, $2,000. If anyone left the employment of the firm he could take over the policy himself. No physical examination was required, and there was no age limit. That was the first experience that I had with group insurance.

I had another experience when I was with a smaller firm, and the contract with the insurance company specified that there had to be at least seven people in the scheme. Two or three members of the staff refused to join, and there was no compulsion resorted to. The terms were these: the partners paid a premium, the amount of which I forget, and each member of the staff paid half of his respective premium, the firm paying the other half—I think the premium was $2 a month, so a stenographer paid $1 and the firm paid $1. The only trouble with that group insurance plan was that the insurance company allowed too many people over seventy to join it, and the premiums were not high enough to cover the obligations. The result was that difficulty arose, and finally the plan was dropped. But nobody was compelled to take part in a scheme of that kind. If a firm consisted of, say, three or four partners, with seven to ten employees, unless a minimum number consented to participate the firm could not be included. The employees could go in or stay out, as they wished.

Hon. Mr. Isnor: Except new employees.

Hon. Mr. Haig: Yes. New employees, as a condition of their employment, could be compelled to join in the scheme, but any who were employed when it was instituted could not be forced to participate against their will. In the firm in which I was a partner and office manager, I canvassed everyone in the place except the partners with a view to getting them to participate. But, as the honourable senator from Fredericton (Hon. Mrs. Fergusson) has said, there are many employees whose fathers and mothers are dead, who have no home ties of any kind, and no one to support but themselves, and for them such a plan has no appeal. In our case, they said, "We are covered for hospitalization and medical expenses by the Blue Cross, to which we subscribe, and we do not need these other benefits." I told them, "It is up to you." There were no threats or hints of compulsion, no suggestion that refusal would mean loss of employment: in fact, some of the girls who would not take part are still working in the office.

The point has also been made, and it seems to me important, that no reason has been given for the introduction of this legislation. This is a matter which gives me some concern. Honourable senators who are lawyers know how frequently it happens that, when the bread-winner dies, the widow is left with no more than $1,500 or $2,000 in cash, and to me it is deplorable—perhaps I should not say so—that so large a part of the money goes for funeral expenses. I have known all too many cases where, as a result, very little is left for the family to live on. My understanding is that this bill was suggested by some of the older Civil Service employees, because of their experience that from time to time civil servants die without leaving any cash reserve, and contributions are called for to provide money for burial expenses.

I do not think a measure of this kind should be passed in a hurry: it should be looked into very carefully. I am impressed with the figures quoted by the honourable member from Churchill (Hon. Mr. Crerar). As everyone knows, of late years the value of money has fallen, and with it, the real value of pensions. But the present situation with respect to the civil service superannuation fund cannot fairly be blamed on those who initiated the plan. Since 1904 the average span of human life has been extended nearly twenty years. Recently we were addressed on this matter by medical men. Annuitants live longer, and this has a marked effect upon the soundness of earlier schemes. It is therefore all the more important in this case that we should have exact actuarial information. I suggest that a young clerk in the Civil Service who is a university graduate trained in actuarial studies might be asked to work out the significance of the figures and tell us what amounts and contributions are required for particular purposes. It may be remembered that some years ago the then Deputy Minister of Labour, Mr. MacNamara, came before the committee and told us, "We have had to raise the cost of government annuities, because we found that people are living longer than the actuaries anticipated they would". I suppose the same condition affects pension schemes.

As an aside to my honourable friend from New Westminster (Hon. Mr. Reid) I would point out that, so long as each individual who enters the service is a liability to the fund, and if we continue to increase the Civil Service at the same rate as in the last twenty years, unless contributions are increased the indebtedness of the pension fund will go on growing. I believe actuaries who examined the financial statements have reported that the fund is about $180 million in arrears. On this deficit the government has agreed to pay interest. I can recall when $100 million was paid on this account. This condition is to be expected. If it were intended to insure some eighty members of the Senate, an actuary could set a basis of contributions which would keep the fund solvent, but if twenty more senators were appointed and rates of payment remained the same, the government would have to support the fund for years. In the case of a young woman who enters the service at the age of twenty, contributions at the same rate are payable for forty years; the sum total of receipts is calculated, and presumably reserves will be put by every year. That is what every insurance company does.

I do not want to vote against the bill, nor for the bill. Were this an ordinary business matter which came before me as a businessman, I would say we should send it to committee. We should call before us a representative of the young women to whom the honourable senator from Fredericton (Hon. Mrs. Fergusson) has referred, and we should summon somebody from the older-age groups to find out who is responsible for bringing this matter forward, and why it is recommended.

I do not think that service men should be included in this plan. To me the idea is outrageous. My own son obtained as an ex-service man a $10,000 policy on his life; and it is my recollection that insurance benefits were extended to soldiers without any examination at all.

Hon. Mr. Macdonald:. They come under the Veterans Insurance Act. I have such insurance myself.

Hon. Mr. Haig: I have nothing against that type of insurance. I certainly have no objection to soldiers, upon returning from service in Korea or any other theatre of operations, being allowed to take out insurance under legislation like that. Furthermore, I know that the government would give them just as good terms as they would get under this bill. I feel that Civil Service employees should come under this plan, but I certainly do not think the members of the regular forces should. They should be dealt with in other legislation. For these reasons I would strongly recommend that this bill be sent to committee, and I would further urge that we do not act too hastily in dealing with it.

Hon. Mr. Aseltine: By recommending that the bill be sent to committee you are in effect approving of it in principle.

Hon. Mr. Haig: Well, my principles are pretty elastic. The fact that I may not vote against a bill on second reading does not preclude me from moving an amendment to it in committee. The honourable senator from Rosetown (Hon. Mr. Aseltine) is right when he suggests that a person should uphold his principles, but I have been a member of the Senate for quite a while now and I have never been criticized for voting one way in the house and another way in committee. I think the bill should be sent to committee, for if it has any merit at all I want our civil servants to benefit from it. On the other hand, I am anxious to find out if the bill is detrimental to civil servants. If a reasonable percentage of them object to its compulsory features, I do not think they should be compelled to come under it. I want those who proposed this legislation to tell us why they did so.

Like my honourable friend from New Westminster (Hon. Mr. Reid), I believe this legislation did not originate in the mind of any member of the government, but was actually suggested by somebody else. However, I may be wrong in that assumption and may be doing somebody an injustice.

The people of Canada do not want us to be niggardly in dealing with our civil servants, but at the same time they do not want us to be extravagant and confer benefits on them that cannot be enjoyed by other working classes. Perhaps I would be on the spot if some honourable senator were to move that the bill be given the six months' hoist, but I still think I would vote that it be referred to committee. As has been suggested, we should find out in committee just what is back of this whole thing. In the past when some civil servants have died, other civil servants have had to provide money to take care of their funeral expenses, and so on. Well, if this legislation is designed to take care of that kind of thing it is pretty drastic. The estates of some low-income wage earners may benefit very little from the plan, yet these employees will have to contribute to it for years and years.

Hon. W. Ross Macdonald: Honourable senators, like the honourable Leader of the Opposition (Hon. Mr. Haig) I had not intended to speak at this time, but after listening to the debate I felt I should at least rise and congratulate honourable senators upon their

excellent speeches, particularly the honourable lady from Fredericton (Hon. Mrs. Fergusson).

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: The honourable lady stated that in order for a woman to be considered good she must be at least twice as good as a member of the opposite sex. I can assure her that her speech today has qualified her under that word "good".

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: This legislation is not all bad, and I think those who have spoken, especially the honourable senator from Fredericton, have pointed out that there are indeed good features to it. I do not think the honourable lady would want to cast this bill aside without giving it the fullest consideration. This measure meets with the approval of the great mass of civil servants, despite the fact that, as we have been told by the honourable senator from Fredericton and the honourable senator from Rockcliffe (Hon. Mrs. Wilson), a number of women have expressed disapproval of it. The question has been asked: what is good in this legislation? Well, it provides death benefits up to a maximum of $5,000 for the spouse or the estate of a public servant or a member of the regular forces, in addition to superannuation or pension benefits. No one can say that that is not good. In addition to superannuation and pensions benefits it provides for an additional $5,000—

Hon. Mrs. Fergusson: If the contributor does not live too long.

Hon. Mr. Macdonald: Yes, but if the contributor dies at the age of 60 his widow or estate will receive his superannuation benefits plus the sum of $5,000. If he dies at the age of 65, his widow or estate will receive larger superannuation benefits, but the death benefits under this act will not be as great. In other words, the benefits under this act decline after the contributor reaches the age of 60, whereas superannuation benefits increase after that age.

It can be seen that a considerable amount of benefit will come to those who participate in this act. I will admit that single persons, including some widowers, may not want this insurance, but I think we have to look at the whole picture and enact legislation that is in the general interest of all civil servants.

Hon. Mrs. Fergusson: May I interject to say that we do not have the whole picture before us? All civil servants have not had the chance to express their views, and I think the honourable leader is taking too much for granted when he says that the great mass of civil servants are in favour of this legislation. I know for a fact that a large majority of female civil servants are opposed to it, and I believe a good many men are too.

Hon. Mr. Macdonald: I accept the statement that a great many women are opposed to this plan, but I have not heard of many men being opposed to it. As a matter of fact, my information is that most married civil servants are in favour of it. It is hoped that this legislation is in the best interests of civil servants generally. I have no objection to its being referred to committee, but I would strenuously object to throwing it aside without giving it the most careful consideration.

Hon. Mr. Burchill: May I interrupt the honourable leader to ask him if he knows whether there was a demand by civil servants for this legislation?

Hon. Mr. Macdonald: I cannot answer that question, but I can say that the bill was introduced because it was felt it would be in the interest of civil servants generally. It surely was not introduced because it would be in the interests of the government.

Hon. Mr. Haig: Nobody has suggested that.

Hon. Mr. Reid: Is it not a fact that one of the reasons for introducing this measure is that it will replace the present gratuity of two months' salary payable on the death of a public servant?

Hon. Mr. Macdonald: That was by no means the purpose of it. It has been designed to benefit civil servants generally. For instance, upon the death of a civil service employee at the age of sixty, his widow will get his superannuation benefits plus $5,000. There are considerable details which I realize can be gone over in committee. I presume the senator who sponsored the bill (Hon. Mr. Kinley) intends, if it receives second reading, to move that it be referred to the Standing Committee on Banking and Commerce. I would heartily endorse such a motion.

Hon. Mr. Horner: Would the Leader of the Government care to comment on the suggestion that has been made from this side of the house that members of the regular forces be excluded from the regulations of the bill and be placed under other legislation?

Hon. Mr. Macdonald: That is another matter which could be discussed in committee, and it is another reason why I feel the bill should be sent there.

Hon. Mr. Crerar: Honourable senators, I understood the Leader of the Government (Hon. Mr. Macdonald) to say that the great mass of civil servants are in favour of this legislation. May I say that I have seen no

evidence of such a thing. In fact, the information I have is to the contrary—that civil servants generally were not consulted, except through a few of their leaders who were unable to discuss the provisions of the legislation with their own membership.

Hon. Mr. Haig: We can find out about all this in committee.

Hon. Mr. Crerar: It may be possible to clear up this matter in committee. It has been said that a civil servant can gain advantage from the death benefits provided in this legislation as well as the benefits from his superannuation fund. Well, if a civil servant dies before he reaches the age of sixty-five, he will of course not draw any superannuation. If he dies, of course the insurance will be paid, but I cannot see how he can get both. Perhaps my honourable friend can enlighten us?

Hon. Mr. Macdonald: I would say that the answer is given in the explanatory note in the bill, which reads:

> The purpose of this bill is to provide death benefits up to a maximum of $5,000 for the spouse or the estate of a public servant or a member of the regular forces, in addition to superannuation or pension benefits.

I take it the honourable senator asks me that question in view of my statement that the great mass of civil servants are in favour of the legislation. True, I have not consulted the great mass of them, but my information is that their representatives stated they were in favour of it. It may be that their leaders were not speaking for all the great majority of the civil servants, but I have been merely stating what I understand is now on the record. These details can be gone into in committee, and if I am mistaken in my information it will no doubt be corrected.

Hon. John J. Kinley: Honourable senators—

The Hon. the Speaker: I would point out that if the honourable senator speaks now he will conclude the debate.

Hon. Mr. Kinley: Honourable senators, I am sure that we all enjoyed the discussion of this bill. It is natural that there should be a discussion, and a controversial one, because the bill involves many people and deals with them rather individually.

I propose to move that this bill be referred to the Banking and Commerce Committee, but before doing so I would call the attention of the house to the evidence that was taken before the Standing Committee on Banking and Commerce of the House of Commons, a copy of which I have here, which comprises some 100 pages. Among the witnesses heard by the committee were the National Secretary of the Amalgamated Civil Servants of Canada, the Assistant Deputy Minister of the Department of National Defence and many others.

Hon. Mr. Connolly: What is the date of those proceedings?

Hon. Mr. Kinley: It is the *Minutes of Proceedings and Evidence,* No. 31, of the Standing Committee on Banking and Commerce, and the chairman was David A. Croll, M.P. I am sure that if honourable senators were to read these proceedings a lot of misinformation that has been stated in the discussion of the bill would be cleared up.

I do not want to press the bill further, because I realize that there are items in it that cannot be regarded as perfect legislation. But I want to add a few words about some of the ghosts that have been stirred up by some honourable members who spoke this afternoon. Some raised the ghost of socialism—

Hon. Mr. Horner: It is socialism.

Hon. Mr. Kinley: Section 51 (2) states:

> No contract of insurance shall be entered into under the Civil Service Insurance Act on the life of any person unless
>
> (a) a medical examiner or a medical referee has in accordance with the regulations under that Act recommended without qualification the acceptance of the risk, and
>
> (b) the medical report on the application for the contract of insurance was based on a medical examination begun prior to the 1st day of May, 1954.

Therefore, no further insurance will be written.

This legislation is not insurance; it is a Superannuation Act amendment designed to provide for benefits that should be provided for in that act.

May I inform my friends that the Civil Service Insurance Act is to be discarded, except for past and present obligations. It became law in 1893, when Sir John Thompson was the Prime Minister of Canada, and no one would accuse him of being at all socialistic. The point is, honourable senators, that we legislate for the benefit of the public, and the principle of democracy is the greatest good for the greatest number.

I want to say that I am one of those who believe in private industry, and if honourable senators care to read the proceedings and evidence of the Banking and Commerce Committee in the House of Commons, to which I have referred, I am sure they will be convinced that the life insurance business is efficiently carried on. There is very strong

competition in the business of group insurance. I know something about it, and I may say that there is a good deal of compulsion in the organization of a group insurance plan in industry, because unless 75 per cent of the employees of any one plant agree to join, the insurance company will not make a contract at all.

Hon. Mr. Aseltine: Is the scheme compulsory in your own plant?

Hon. Mr. Kinley: It is compulsory in that we have to have 75 per cent participation before we can get it.

Hon. Mr. Aseltine: That is not compulsion.

Hon. Mr. Kinley: That is a degree of compulsion. Everybody seems to be unduly frightened by the so-called compulsory features of this legislation; to my mind, it is merely a co-operative effort. Old age pensions are compulsory to the extent that they require a levy of 2 per cent on everybody, regardless of whether or not they benefit directly. A similar illustration can be given with respect to unemployment insurance. Who asked the industries of this country if they wanted the unemployment insurance scheme? I do not believe they were asked, but today we all believe in the plan, for it takes up the slack when there is unemployment. But it is a compulsory measure, in that every workman in every industry in Canada must participate, with very few exceptions. Taxes and customs duties and such things are all of a compulsory nature. The sovereign state in this country makes the laws it sees fit to make for the greatest benefit of the people. For instance, the Bank of Canada and the chartered banks are required to participate in the unemployment insurance scheme, but bank employees have little hope of receiving much by way of benefits.

It is my opinion that if it were not for the compulsory feature of this legislation, and the "taking up of the slack" by the government, a private enterprise scheme could compete favourably with one offered by the government under those conditions. In this matter of providing group insurance, the government is dealing with its employees in the same way as you or I might deal with our employees and they all want to get it at the lowest possible price. In this instance, where the vast majority of the people are in favour of the plan, there may be no justification for the compulsory feature.

It is apparent, of course, that the scheme is not as attractive for unmarried women as for others. In the case of superannuation, when we cease to be employed we expect to get back the money we paid in, because it is money we saved; but in the case of death benefits, they must apply equally to all. We pay automobile insurance, for instance, for our protection, and we are glad when we have had no accidents and no claims under it.

This insurance plan will protect a civil servant to the extent of $1,000 for a premium of 40 cents a month, or $4.80 a year. Will anybody tell me where civil servants can get life insurance under these conditions for such a low premium? I emphasize that the low premium is possible only by reason of the compulsory feature which requires full participation.

Much has been said this afternoon about socialism and the rights of labour. I would remind my friends that in earlier days we would not hesitate to tell prospective employees that an insurance plan such as this was a condition of their employment; if they wanted to work for us, they had to participate in the scheme, but they were not compelled to work for us.

Hon. Mr. Lambert: May I ask my honourable friend a question in connection with the subject of group insurance? Is he aware of the fact that in this country there are more companies giving group insurance coverage gratuitously to their employees than those which force it upon them?

Hon. Mr. Kinley: I do not of course think that private enterprises could direct a plan of this nature in the same manner in which the government could direct it. After all, the government makes the laws of the country in the interests of the public. You usually get what you pay for.

There has been a good deal of discussion this afternoon which did not go to the root of the bill itself. But it was mentioned that the bill provided that the benefits under the plan must go to the spouse, or the estate of the deceased person, or the Treasury Board would decide on their disposition.

Hon. Mr. Hugessen: Why is that so?

Hon. Mr. Kinley: It is in the bill, and I am not going to attempt to defend it. I merely want to say that while we hear that many women are against the measure, it would appear that women are the persons who will benefit most by it. But I hold no brief for that particular provision, and if it is the wish of this house that it be removed, I take no stand one way or the other.

When we are talking about compulsion, I would remind honourable senators of the Rand formula, as devised by Mr. Justice Rand, formerly a prominent New Brunswick jurist, in which he said that if the majority

belong to a scheme and all benefit directly or indirectly from it, all should contribute to it.

Hon. Mr. Bishop: Did my friend say that Mr. Justice Rand was a justice in the province of New Brunswick?

Hon. Mr. Kinley: I said he comes from the province of New Brunswick; he is now a member of the Supreme Court of Canada.

According to information received when this bill was before a committee of the other house, the ratio of men to women in the public service is about seven to one. The question has been asked as to how we know whether the premiums provided by this legislation are adequate to maintain it. Of course we do not know any more than what the actuaries have told us. However, there has been a great deal of experience by private companies in group insurance plans, and we should benefit by it. But if this plan does not work out and we need more money to carry it on, that may be all to the good for the country. In the matter of children's allowances, for instance, the consequential increase in population has resulted in larger contributions to meet the increasing need.

Hon. Mrs. Fergusson: Did the honourable senator say that the ratio of men to women in the public service was seven to one?

Hon. Mr. Kinley: Yes, about that.

Hon. Mrs. Fergusson: In the answer to an inquiry made by me of the government leader, it is said that there are 30,389 women in the public service; and Mr. Taylor, while testifying before the Banking and Commerce Committee of the other house, said there was a total of approximately 120,000 public servants. Therefore, the ratio would not seem to be seven to one.

Hon. Mr. Kinley: Well, I took my figures from the evidence that was given before the Banking and Commerce Committee of the House of Commons.

Hon. Mrs. Fergusson: I know that Mr. Taylor gave evidence as to that, because I attended the meetings of the committee.

Hon. Mr. Kinley: I understood Mr. Taylor to say that there are about 30,000 on the government payroll in a normal month who are not under the Superannuation Act and would not come under this proposed legislation. He said that the average number on the payroll fluctuates at around 100,000 in the non-military public service. The number that would come under this proposed addition to the Superannuation Act is about 123,000. About 27,000 people, some of whom are employed from time to time and some continuously, would not come under this Act. As to the number of women in the Civil Service, I understood that there were 23,149 temporaries and 7,240 permanents employed as of October 1953.

Hon. Mrs. Wilson: As I read the evidence, there were several complaints that they had not been given an opportunity to be heard.

Hon. Mr. Kinley: Well, there was a long discussion in committee.

The cost of this type of insurance depends on three or four factors. It depends on the age group of the employees, on the hazards of the industry, on the size of the group, and also on what you expect to get out of it in the way of benefits. Those are the factors which determine the cost of this type of insurance.

If the younger people do not want to pay because they feel they will not get any benefits from the scheme for a long time, all I can say is that in time the younger people will become older and they, in their turn, will receive the benefits.

This legislation takes away the two months' salary which the family of a deceased civil servant would receive from the government after his death, and provides for payment of insurance equal to a year's salary up to a maximum amount of $5,000, which must be paid to the family or estate of the deceased on his death. I believe it is a good arrangement. This legislation is completely in line with social legislation requirements, and I must say that the compulsory feature that we hear so much talk about is not so very frightening.

From the evidence of the President of the Civil Service Federation of Canada given before the Banking and Commerce Committee of the other place on June 3, 1954, to be found at page 1689 of the report of the proceedings, I see that he does not object to the compulsory feature of the bill, but does recommend that single employees be allowed to insure for half their salary. Now, that might solve the difficulty.

This idea of compulsion being such a bogey does not seem to me to add up to the experience of the past, nor do I see that anybody is going to be very much hurt by having this compulsory feature in legislation. Every civil servant will have protection when all come in under the scheme. And because of universal coverage the premiums will be less, as there will be no expense for going out and getting business. Also the administration will be much simpler, so that the lowest possible rates can be made available, and that is the intention of this legislation.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Kinley the bill was referred to the Standing Committee on Banking and Commerce.

PRIVATE BILL

CANADIAN SLOVAK LEAGUE—COMMONS AMENDMENT CONCURRED IN

The Senate proceeded to consideration of the amendment made by the House of Commons to Bill N-15, an Act to incorporate Canadian Slovak League.

Hon. John J. Connolly moved concurrence in the amendment.

He said: Honourable senators, it will take only a few moments to deal with the amendment which has been proposed for this bill in the House of Commons. In the original bill clause 5 provides:

> Only persons deemed by the society to be loyal to the free institutions of Canada and to the Christian and democratic traditions of the Slovak nation . . .

shall be entitled to belong to the organization. The amendment changes this to read as follows:

> Only persons deemed by the society to be of Slovak origin and loyal to the free institutions of Canada and Christian and democratic traditions . . .

The amendment, I think, is really a distinction without a difference, but I understand that in certain quarters of the House of Commons, under the original wording, it was suggested that in addition to the loyalty to this country there was also an implied loyalty to another state. I think, in fact, that that interpretation could not be placed upon the language that was originally in the section—

Hon. Mr. Aseltine: Have you any objection to this amendment?

Hon. Mr. Connolly: I have no objection.

Hon. Mr. Aseltine: That is all we want to know.

Hon. Mr. Connolly: I would suggest to honourable members that the amendment is one we should readily accept.

The motion was agreed to, and the amendment was concurred in.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, June 22, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

LIBRARY OF PARLIAMENT

REPORT OF JOINT COMMITTEE

The Hon. the Speaker: Honourable senators, I have the honour to present the second report of the Joint Committee on the Library of Parliament. When shall this report be taken into consideration?

Hon. Mr. Macdonald: Next sitting.

DISABLED PERSONS BILL

REPORT OF COMMITTEE

Hon. Mr. Taylor for Hon. Mr. Veniot, Chairman of the Standing Committee on Public Health and Welfare, presented the committee's report on Bill 462.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Public Health and Welfare, to whom was referred the Bill 462 from the House of Commons intituled: "An Act to provide for Allowances for Disabled Persons", have in obedience to the order of reference of 17th June, 1954, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Taylor: Honourable senators, I move that the bill be now read the third time.

The motion was agreed to, and the bill was read the third time, and passed.

VETERANS BENEFIT BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Acting Chairman of the Standing Committee on Banking and Commerce, presented the committee's report on Bill 101.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill 101 from the House of Commons intituled: "An Act respecting benefits for members of the Canadian forces", have in obedience to the order of reference of June 17, 1954, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hugessen: Next sitting.

EXCISE TAX BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen presented the report of the Standing Committee on Banking and Commerce on Bill 447.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (447 from the House of Commons) intituled: "An Act to amend the Excise Tax Act", have in obedience to the order of reference of June 16, 1954, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hugessen: Next sitting.

THE LATE SENATOR EMMERSON

TRIBUTES TO HIS MEMORY

On the Orders of the Day:

Hon. W. Ross Macdonald: Honourable senators, before the Orders of the Day are proceeded with, I would like to refer to the passing yesterday of our dearly beloved colleague Senator Emmerson. The news of his death came as a great shock to all of us, for when we had seen him a few days earlier he appeared to be in excellent health and high spirits. However, we cannot tell when the hand of death will strike. The suddenness with which it struck on this occasion caused us to be more than usually shocked.

I had known our late colleague for many years, and we had several things in common. We served together in the First World War, although I did not know him personally at that time. We contested our first general election in the same year, 1926, he in New Brunswick and I in Ontario, and we both lost. In 1930 we both tried again, and again were unsuccessful; but in 1935 we tried once more and were elected to the House of Commons, where we sat continuously from that time until 1949, when he came to the Senate. I continued on in that house, and joined him here in 1953.

I should also refer to the fact that Senator Emmerson's son, Bertram, received his training as a pilot at No. 5 Service Flying Training School at Brantford, Ontario. I saw him make his first solo flight, and I was present when he received his pilot's wings. As honourable senators know, later he was

reported missing in operations, and was never found. He gave his life for his country.

The late Senator Emmerson was born at Dorchester, New Brunswick, on November 7, 1883. His father, who had a distinguished career as a public man, was for a time Prime Minister of his native province, and was subsequently elected to parliament and became Minister of Railways and Canals in the Laurier government. Senator Emmerson was educated at Horton College and Acadia University in Nova Scotia, and graduated from the faculty of applied science at McGill University, with the degree of Mechanical Engineer.

Following his distinguished service overseas in the first great war, during which he rose to the rank of Major, he took up farming operations in his native province. Also, from that time onward he played an active part in the affairs of his community. I do not need to dwell on Senator Emmerson's accomplishments on behalf of his community, of his province, and of the whole nation, for we are well aware of the very valuable contributions he made in all three fields.

I am sure the house joins me in extending heartfelt sympathy at this time to his widow, and his surviving seven daughters and four sons.

Hon. John T. Haig: Honourable senators, in rising to speak on the passing of Senator Emmerson I find myself in some difficulty, for I did not know him until he entered this chamber in the second session of 1949. He was a quiet, unassuming man, very regular in his attendance and very faithful to his duties in this chamber.

I feel that contributions such as he has made to our country, first as a soldier, and afterwards as a member of the House of Commons and subsequently as a senator, stamped him as the ideal public servant. It is men like him whom I like to see appointed to this chamber, because they represent the real Canadian spirit that exists in our country. He had wide experience in various walks of life, and he gave of himself unsparingly to whatever he undertook. All Canadians owe him a great debt of gratitude for the fine service he rendered to this country, and the people of New Brunswick are to be commended for sending such a man as Senator Emmerson to parliament.

I join with the Leader of the Government (Hon. Mr. Macdonald) in expressing to our late colleague's widow and children the sympathy of all of us in their bereavement.

Hon. George P. Burchill: Honourable senators, while the leaders of both sides have paid tribute to Senator Emmerson and have covered his career very well, I should like to add my expressions of personal sorrow at the passing of our colleague, for he was a very close friend of mine and my roommate here.

The name of Emmerson, as has been intimated, has been identified with the history of New Brunswick politics for more than half a century. His father, the late Honourable Henry Robert Emmerson, was Premier of New Brunswick for a period of time, and during his premiership my father served as Speaker of the Legislature; so there was always a close bond of friendship between our families, and my association with the late senator has extended over many years. As the honourable leader has intimated, Senator Emmerson's father was at one time a member of the House of Commons. He represented the province of New Brunswick with great distinction and acceptance, and became Minister of Railways and Canals in the cabinet of Sir Wilfrid Laurier.

Our late colleague, as has been intimated, was a veteran of the First World War. After the war he entered public life, and he was elected to the House of Commons from the county of Westmorland in the general elections of 1935, 1940 and 1945.

On an occasion such as this, honourable senators, it is very difficult to find words to say just what one would like to say. If Senator Emmerson had any warning that he was not well, he certainly kept it to himself. That would have been characteristic of the man. He was quiet, unassuming, retiring, and most kindly; and what virtue, honourable senators, is there that lingers in the memory more than kindness? Senator Emmerson had a great capacity for friendship. He had those qualities of heart and mind which drew people to him in friendship and kept them so. I do not think that Henry Emmerson had an enemy. Here on Parliament Hill, not only in the Senate and in the House of Commons, but among the officials and the staff, and down in his native province of New Brunswick and his county of Westmorland, his friends were legion. He served his county conscientiously and well. No problem, however small, which was passed to him was unworthy of his best efforts to solve. He was devoted to his family. I think it can be said that he lived for them.

He has gone to another sphere, and he has left behind a host of unforgettable memories of a true friend. I join with his countless friends everywhere in mourning his loss, and I extend my deepest sympathy to Mrs. Emmerson and his family.

Hon. Muriel McQ. Fergusson: Honourable senators, through the years my family has had a very close association with the family of the late Senator Emmerson, for I was born and lived until my marriage only about twenty-five miles from his home. His father, to whom reference has already been made, and to whose career as an illustrious representative of New Brunswick I need not further allude, was a very intimate and beloved friend of my late father. Senator Emmerson and my older brother, the late E. W. McQueen, were very closely associated, because my late brother died while he was a member of the New Brunswick Legislature, and during some of the time while he was one of the Liberal representatives of Westmorland county in the provincial legislature the late Senator Emmerson was the Liberal representative of the locality in the federal house. Naturally these activities brought them together on many occasions. Further, the late Senator Emmerson's sister, Mrs. W. A. K. McQueen, is the widow of my cousin.

For all of these reasons I felt in a special sense a personal bereavement at the word of his passing. I know that everyone in Westmorland county will be grieved, for he was known throughout the county and throughout the province. As the honourable senator from Northumberland (Hon. Mr. Burchill) has said, no problem of anyone in Westmorland county was too small for his attention. He was a very kindly man and showed great interest in people. He was a soldier in the first world war, and gave thereby service to his country even beyond that which he gave in parliament. He will certainly be greatly missed but I am sure that he will long be remembered by the people of our province, particularly those of Westmorland county for whom he did so many things. It is good for us to know that to live in the hearts of those we leave behind is not to die, and I believe that is true of Senator Emmerson.

To Mrs. Emmerson, and to their sons and daughters and to Senator Emmerson's sisters, I extend my truly heartfelt sympathy.

OIL PAINTINGS IN SENATE CHAMBER

On the Orders of the Day:

Hon. Thomas Reid: Honourable senators, I should like to bring to the attention of the Leader of the Government (Hon. Mr. Macdonald) a matter affecting the Senate. I am sure many honourable senators are unaware of the history of the eight oil paintings hanging in this chamber. They belong to a group of some one hundred oil paintings depicting scenes of World War I, which were presented to the Canadian Government by Lord Beaverbrook. To this date the government has been unable to find suitable places in which to hang the other paintings in this collection, and they are now stored in the basement of the National Museum at Ottawa. I think the eight canvasses in this chamber were not intended to serve as a war memorial, but were merely placed over large openings in the walls until such time as the walls were finished.

As honourable senators know, a fine tradition has grown up over the years with respect to these paintings. During the tourist season they are shown daily to hundreds of visitors. Veterans of World War I are in particular quick to recognize many of the scenes depicted. I am just wondering whether these paintings are to be left in this chamber as a war memorial. If so, I think the time has come to make some recognition of the services of the Canadian men and women who fought in World War II. Recently a memorial service was held in England commemorating the passing of 22,000 allied airmen who gave their lives in the last war, and whose graves are unknown.

The Leader of the Government, in paying tribute to the memory of our late colleague Senator Emmerson, remarked that they both had served in World War I. I thought this would be an opportune time to suggest that Canadians who gave up their lives in the last war should be honoured by pictures in this chamber depicting scenes of their services.

Hon. Mr. Macdonald: Honourable senators, I am glad that the honourable gentleman from New Westminster (Hon. Mr. Reid) has brought this matter to the attention of the Senate. It is, of course, a question which would have to be considered by our Standing Committee on Internal Economy and Contingent Accounts. I am in agreement to a large extent with what the honourable gentleman has said, and I feel that if any war paintings at all are to be hung in this chamber we should have a representation of scenes from both world wars. However, it occurs to me that the Senate chamber may not be the place at all for paintings of this type. It might be more appropriate to hang them elsewhere. However, as I say, it is a matter which must be considered by our Internal Economy Committee, and I would think that then perhaps it should be considered by the corresponding committee of the House of Commons.

COMMITTEE MEETINGS

CHANGE IN TIMES

Hon. Mr. Haig: Honourable senators, before the Orders of the Day are proceeded with, may I refer to an important matter of much interest to many of us here? I have received at my desk notices of two important meetings to be held tomorrow morning: the one, at 10 o'clock, is a special meeting of the Banking and Commerce Committee to deal with the Public Service Superannuation Bill; the other, at 10.30, is a meeting of the Canadian Trade Relations Committee. The Chairman of the latter committee (Hon. Mr. McLean) was not present this morning when the Banking and Commerce Committee decided to hold a meeting at 10 o'clock tomorrow. That meeting probably would not finish before 11, and many of us would like to be free to go to the Trade Relations committee and hear the distinguished gentleman whom the chairman has arranged to bring here.

Hon. A. Neil McLean: Honourable senators, I shall have to ask you to excuse my low voice, because I have laryngitis. These notices of the changes in times for the two meetings came as a great surprise to me. I inquired several days ago at what time the Banking and Commerce Committee would meet on Wednesday, and found a meeting had been called for half past eleven, so I made arrangements for a meeting of the Canadian Trade Relations Committee to be held at half past ten. I wrote every member of the committee to that effect, and also notified the gentleman who is coming from England to address us. He is making a sacrifice to come here. I was at the Banking Committee meeting this morning up to within five minutes of its adjournment, when because of trouble with my voice the honourable senator from Ottawa (Hon. Mr. Lambert) kindly offered to give me some tablets if I would join him outside of the room. While I was out of the room for this purpose, the change in time for tomorrow morning's meeting of the Banking committee was made, but I did not know of it until half past two this afternoon. As chairman of the Trade Relations committee I was surprised that no one consulted me or any other member of that committee about this.

Hon. Mr. Macdonald: Under the circumstances, would the house consent to the Trade Relations committee meeting at 10 o'clock, in which event the Banking committee could perhaps meet at 11? I am merely offering a suggestion, and would like to hear the views of honourable senators.

Hon. Mr. Haig: Honourable senators, the chairman of the Canadian Trade Relations Committee (Hon. Mr. McLean) has done a great service in obtaining outstanding witnesses for the committee. I think the suggestion of the Leader of the Government, that the Trade Relations committee meet at 10 o'clock, and the Banking committee at 11, is a good one.

Hon. Mr. McLean: I think that could be arranged. I am very glad the Leader of the Opposition (Hon. Mr. Haig) brought this up, because I was perplexed when I saw these notices. I should have known about the change in time the moment it was made.

Hon. Mr. Haig: Is that agreed, then?

Hon. Mr. Macdonald: Agreed.

Hon. Mr. Horner: Do we understand that the Standing Committee on Canadian Trade Relations will meet at 10 o'clock tomorrow morning?

Hon. Mr. Haig: Yes; and the Banking and Commerce Committee will meet at 11 o'clock.

PIPE LINES BILL

SECOND READING

Hon. Norman P. Lambert moved the second reading of Bill 477, an Act to amend the Pipe Lines Act.

He said: Honourable senators, this bill consists of one clause, which proposes to add two subclauses to section 2 of the Pipe Lines Act, Chapter 211 of the Revised Statutes of Canada, 1952. These two new subclauses are considered to be necessary because through oversight or inadvertence the Pipe Lines Act, under which all pipe line companies must be incorporated, does not provide protection for bondholders of a pipe line company if and when its operations fail to pay interest on the bonds issued in connection with the financing of its operations.

The minister explained the situation frankly and clearly to the other house when he said that the solicitors for the Trans-Canada Pipe Lines Limited have submitted that the present act would—and here I quote his exact words from page 5935 of *Hansard:*

> . . . prevent a trustee for the bondholders, a receiver or a manager appointed by the court from operating an extra-provincial pipe line constructed by a company which had defaulted on its bonds after being in operation.
>
> The solicitors for this company consider that an amendment . . . is necessary if the company is not to be jeopardized in marketing its bonds to finance the construction of the trans-Canada pipe line. As there appears to be some doubt in the matter which would make it difficult for pipe line companies to finance construction, it has been considered advisable to amend the act in order to remove any

difficulty that might exist about the right of a trustee for bondholders or a liquidator, receiver or manager of the property of a company to operate an extra-provincial pipe line for the benefit of creditors.

There is nothing unusual in the proposed amendment, as it would apply in the ordinary course to the incorporation of any company under the Companies Act. When the financing is done through the issuing of bonds, the rights of foreclosure by the trustee on behalf of bondholders is taken for granted. The only remarkable feature in connection with this matter was the omission from the act when it was passed of the provision which is now being incorporated in it.

In order to facilitate the financial plans of the Trans-Canada Pipe Lines Company, an organization that we have heard a great dealt about, I think it would be in order for us to pass this bill without any delay. However, if any honourable senator desires further information with respect to it, I would be only too happy to move that it be referred to the Banking and Commerce Committee after the second reading.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Lambert: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

MOTOR VEHICLE TRANSPORT BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 474, an Act respecting extra-provincial motor vehicle transport.

He said: Honourable senators, the purpose of this bill, as set forth in the explanatory note to the bill, is "to provide for the control and regulation of interprovincial and international highway transport".

Honourable senators will recall that the Privy Council decided in the Winner case that the federal parliament has exclusive jurisdiction over interprovincial and international transportation undertakings. This jurisdiction covers traffic movements which are carried on within the provinces, as part of an interprovincial or international undertaking, and also extends to undertakings engaged in the transport of goods or passengers between provinces. Such undertakings are of course also subject to applicable provincial laws. It is felt that a divided jurisdiction would not be in the public interest; that is to say, a federal board controlling the traffic moving between the provinces or between one province and the United States, and provincial boards controlling traffic within the provinces, would not be desirable. For that reason, among others, the government was reluctant to enter the field and bring about a divided jurisdiction. After the decision was made, a federal-provincial conference was held at Ottawa on April 26, 1954, when the question of the control and regulation of interprovincial and international highway transport was discussed by representatives of the federal and provincial governments.

All the provincial governments were represented with the exception of Newfoundland, but that province is not interested in this question. The provincial delegates were in agreement on the broad proposition that it would be desirable for the provinces to assume jurisdiction over interprovincial and international highway traffic; and the means by which this objective could be reached received full discussion. One proposal was to amend the British North America Act, but it was decided that such a change would not be practical at this time. The second proposal—and it is on the second proposal that this bill is based—was that legislation should be passed by the federal parliament to provide for control and regulation of the transportation of passengers and goods by motor vehicle between a province and a point outside of the province, with the control to be exercised by a provincial authority in like manner as the control is exercised under provincial law.

A draft bill similar to the one which is before this house was drawn up and was considered by the delegates, and certain revisions were made in it. At this time I would like to point out and emphasize that the system of provincial control over extra-provincial transport—and this is the important point—leaves the situation in practically the same condition as it was before the decision in the Winner case.

Now, bill 474, which is before the Senate at the moment, has been approved in principle by all the provinces represented at the conference, with the exception of Quebec. I understand that the reason why Quebec has not approved the bill in principle is that that province thought it would be better to proceed by way of an amendment to the constitution rather than by legislation. However, as I have pointed out, it was felt it would not be practical to do it that way, at least at the present time.

Hon. Mr. Lambert: Do the other provinces approve in the form of a provincial act?

Hon. Mr. Macdonald: The other provinces have not approved as yet by provincial act.

Hon. Mr. Lambert: This is enabling legislation then?

Hon. Mr. Macdonald: It will not become effective in a province until that province approves of it.

Hon. Mr. Aseltine: This is a delegation of federal powers to the provinces?

Hon. Mr. Macdonald: If my honourable friend wants to look on it in that way. No other proposal has been set forth whereby interprovincial and international traffic can be controlled in a way which would give better practical results. Now, my honourable friend may say in reply that the federal Board of Transport Commissioners deals with matters concerning our railways, but I would like to point out to him that in connection with railways the rights-of-way are owned by the railway companies themselves, whereas when it comes to highway traffic there are hundreds and hundreds of roads, and they are owned not by the federal government, but by the provincial governments. That makes the problem a little more difficult than the one respecting railways.

Under the provisions of this bill I should also point out that the portion of transport undertaking carried on in a province will be controlled by that province. It will be necessary for an extra-provincial transport undertaking which operates into or through a province to hold an operating licence, provided the law of that province requires an operating licence for a local undertaking. Authority for issuing this licence is granted to the provincial board and is in the nature of a franchise, and in issuing it the provincial board follows the rules applicable to local undertakings within the province. That is to say, provincial boards are authorized to license extra-provincial undertakings in the same manner as they license local undertakings.

Hon. Mr. Isnor: Just what does the leader mean by that? Would he explain the word "interprovincial" as applying to Quebec and Ontario, say, or Ontario and Manitoba?

Hon. Mr. Macdonald: When a transport truck passes over the border of a province into another province it comes under the provisions of the law of that province in which it is travelling.

Hon. Mr. Isnor: That is as it is now?

Hon. Mr. Macdonald: Well, the provinces, I suppose, can change these laws from time to time but that is the way it would be if the bill came into effect tomorrow, if a province wanted to come in. There is a provision later on in the bill which I probably ought to refer to now.

Hon. Mr. Aseltine: Before you leave that point I would like a little enlightenment. Suppose we consider the case of a motor transport leaving Halifax and going to British Columbia. Before it could operate would it have to have a licence to do business in Nova Scotia, another licence when it passed into Quebec, another when it passed into Ontario, and another for each of the provinces of Manitoba, Saskatchewan, Alberta and British Columbia?

Hon. Mr. Macdonald: Yes, if that is the requirement in these different provinces today.

Hon. Mr. Aseltine: It is.

Hon. Mr. Macdonald: Then that would continue. As I said, the purpose of this bill is is to leave the highway traffic in the same condition as it was before the Winner case was decided.

Hon. Mr. Stambaugh: I would like to ask if the federal government is delegating these powers in perpetuity, or just for the time being.

Hon. Mr. Macdonald: The law, of course, could be changed at any time by act of parliament, but under clause 5 of the bill the governor in council "may exempt any person or the whole or any part of an extra-provincial undertaking or any extra-provincial transport from all or any of the provisions of this act".

Hon. Mr. Isnor: That is fine.

Hon. Mr. Macdonald I do not think it would be fair to say that the federal government is delegating its power for all time. I think it would be fairer to say that we are faced with this problem and this is the way we are meeting it at the moment. If we find that this is not satisfactory, then of course it will have to be changed. This represents the best proposal that has been brought forward, and that is the attitude in which I bring it to this house, as the very best proposal that has been brought forth, and a proposal to which I think I can say all the provinces agree. As I have already pointed out, Quebec does not agree with the method of proceeding by legislation rather than by an amendment to the constitution. I cannot say that it agrees to the proposal itself, but my impression is that it does.

It is in that attitude that I am bringing this bill to the house. This has not been a sudden decision. The government brought

the provinces together for a conference on the matter and asked: "How can we work this out?" This is the proposal that was agreed upon, and I cannot think of a better way of dealing with the question. The delegates themselves could not think of a better way, and I do not think a better one has been proposed. I repeat, it is in that attitude that I am bringing this bill to the house.

Probably I might amplify some of the remarks that have been made with regard to questions asked by honourable senators. I should point out that provision is made for the regulation of tariffs and tolls charged by federal carriers for the transport of goods and passengers. That is to say, if tariffs and tolls for local traffic are regulated by provincial law, extra-provincial traffic is to be regulated in the same manner as tariffs and tolls for local traffic are determined. In saying this I am amplifying to some extent the answer I gave a few minutes ago.

Probably I should also add a little to what I said in connection with section 5. By this clause the governor in council "may exempt any person or the whole of any part of an extra-provincial undertaking or any extra-provincial transport from all or any of the provisions of this act". This clause was inserted for three purposes, which I might summarize as follows:

First, there is the case of a province such as Nova Scotia. All interprovincial traffic originating there and destined for Quebec or Ontario must pass through New Brunswick. The purpose of this clause is to protect the position of a province such as Nova Scotia in the event that New Brunswick should seek to prohibit through traffic of an interprovincial nature.

Hon. Mr. Isnor: Just how?

Hon. Mr. Macdonald: By the putting into effect of clause 5.

Hon. Mr. Isnor: Yes: in what manner?

Hon. Mr. Macdonald: Well, by exempting it.

Hon. Mr. Lambert: Under federal authority.

Hon. Mr. Macdonald: Under the federal authority retained in this bill.

Hon. Mr. Stambaugh: Then the federal government does not actually delegate its authority over transport?

Hon. Mr. Macdonald: No, not all authority; but I think clause 5 is definitely an escape clause. I prefer not to use the term "delegation", and certainly not "a delegating of authority".

Secondly, there is the matter of international undertakings such as the movement of trucking across certain highways of a type of goods agreed upon under GATT. In that general agreement on tariffs and trade there is reference to transportation of goods along Canadian highways. Obviously, as such shipments are subject to these international agreements, they must be safeguarded.

Thirdly, there is the question of the movement of defence vehicles across the provinces and into the Territories in order to give effect to what might be regarded as a necessity. I think I can safely say that the provincial authorities agree that this exempting clause is both necessary and desirable, and that none of them object to it.

Section 6, pertaining to penalties, speaks for itself.

One other provision is that the rights of the provinces to make their individual decisions in respect to this matter are recognized. The measure is not forced upon any province; and by section 7 only upon the affirmative decision of any province shall the statute be declared to come into effect in that area.

I hope I have fully explained the bill. It is an important but not a complicated one. I trust honourable senators understand it. If they do not, I can only suppose that my explanation has made it more complicated than it is.

Hon. Mr. Aseltine: I would not say that.

Hon. Mr. Macdonald: In any event I recommend it to the favourable consideration of this house.

Hon. John T. Haig: Honourable senators, I want to thank the honourable Leader of the Government (Hon. Mr. Macdonald) for his—and I say this with all candour—very clear explanation. It seems to me, however, that underlying this measure is a principle which should be carefully examined. The first point about the bill is, as the honourable leader has said, that the Parliament of Canada, which under a privy council decision is empowered to deal with interprovincial trade as respects trucking and so on, has seen fit to pass along its authority, subject to certain restrictions, to the provinces. It is therefore important that we should decide whether the dominion government or parliament should control this traffic, the rates, and everything connected therewith.

Assuming for the sake of argument that we decide it is better to transfer authority to the provinces, we must then look at the bill to see if, under this proposed legislation, the rights of the provinces, the dominion and the truckers are properly protected. Off-hand, not as a considered opinion but having heard

the explanation of the honourable leader, I would say that the bill pretty well hands over to the provinces jurisdiction over and management of the trucking system and its operations.

My second point is made as a senator representing one of the western provinces, and in the light of conditions which affect not only the prairies but, I believe, the Maritimes. If Western Canada is to remain a prosperous country it is essential to deal with the great problem of railway transportation. Remember that practically everything which the people of the three prairie provinces export to world markets must be transported within Canada by rail to the seaboard. This matter has been controversial for a number of years. The issue appeared very clearly in the year 1950, when, as a result of a strike of the non-operating railway men, traffic was held up for some ten days, and the truckers took over certain lines of business formerly handled by the roads.

I say without fear of contradiction that the greater part of this business is still handled by trucking concerns. I could give a hundred illustrations, but I will confine myself to one. In the town of Decker, Manitoba, an acquaintance of mine operates an agency which sells Ford automobiles. He has a branch at Rivers. Formerly motors for both places, their wheels removed, were carried by train, mostly over the Canadian Pacific Railway, because both Deckers and Rivers are Canadian Pacific points. Sometimes these consignments were delivered by the Canadian National Railways to a point two or three miles away. When the strike occurred a contract was made with a trucking firm which used motor transports to carry automobiles. My acquaintance has told me that he will never again use the railroads to transport cars. He pointed out how easy it was to roll the cars off the transports, put gas and oil in them and drive them off. He contrasted the facility of this system with the more cumbersome system used in transporting cars by rail, and he described how the cars had to be taken by truck to the railway platform for loading. He said it was then necessary for mechanics to make certain adjustments to the automobiles on the railway cars, and that purchasers frequently claimed afterwards that their cars must have been mishandled in shipping. He has had no such complaint in connection with motor transport service. As I have said, there is no doubt that the greater part of this business is still handled by truckers.

The people of Western Canada and the Maritimes are deeply concerned about the question of freight rates. These rates are as high as the traffic will bear, and it is really a question of whether they are now so high that the law of diminishing returns has begun to operate. It is my opinion that the various provinces will probably deal with the control and regulation of interprovincial highway transportation in the same way as would the dominion government. They will be influenced by what is the general good of the whole dominion. I know a conflict will develop in Manitoba between those wanting to transport their products by rail and those wanting to use motor transport. People in such places as Brandon and Portage la Prairie will be on one side of the argument and the farmers will be on the other. This issue is becoming increasingly apparent, and I am sure that many of us will live to hear a great deal more about this kind of legislation.

Honourable senators, representatives of both the Canadian Pacific Railway and the Canadian National Railways are busy discussing whether the Crowsnest Pass rates, established some fifty years ago, should remain in effect. These rates were based on operation costs at that time, but these costs have increased tremendously.

In 1882 the Canadian Pacific Railway promised the City of Winnipeg it would run a service through the city if in return the city would not tax the road. There were only 479 voters in Winnipeg at that time, and 477 of them voted to exempt the C.P.R. from this tax. That event occurred over seventy years ago, and since that time the people of Winnipeg have often debated whether the city had the right to grant that exemption back in 1882. The Canadian Privy Council has held that the city voters acted within their rights, and when the legislature failed to take action the railroad and the city were able to come to a temporary agreement involving a tax payment by the railroad of some $250,000 for a ten-year period.

Honourable senators, how are the western farmers going to compete on the world market if the goods which provide the biggest transportation profits for the railroads are going to be handled by motor vehicle transport? There is no doubt in my mind that this legislation will give the truckers wider powers than they have ever enjoyed. They were keenly interested in the outcome of the Winner case, for they felt that if the Privy Council decided that the federal parliament had exclusive jurisdiction over interprovincial and international transportation, the question of motor vehicle transport traffic would be referred to the Board of Transport Commissioners. Well, as a western senator I think this control should remain with the board, for I feel that only in this way

can our transportation problems be solved. Canada must maintain its railway system on a sound basis if it is to remain a nation. As a matter of fact, this country would never have developed into a nation had it not been for the promise of a railway to link the east with west. The existence of this overland transportation system is just as vital today as it ever was. I think the Canadian government, by introducing this legislation, has taken the easy and wrong turn. It is much easier to ask the provincial governments to control and regulate interprovincial and international highway transportation than to ask the Board of Transport Commissioners to do so. My honourable friends may say that in Canada there are more truckers than railway presidents with a vote.

Hon. Mr. Macdonald: Perhaps the comparison should be between truckers and railway employees, not railway presidents.

Hon. Mr. Haig: That may be so. At any rate, the trouble is that this whole question is not so important to the people of Ontario and Quebec as it is to those living in the rest of Canada. Although I have always lived in a large railroad city, I have never worried about the truckers' vote. I ran for office a lot of times and I always had a keen appreciation of the value of certain votes. I was always careful not to attack the truckers, and I don't think I made a mistake, for the results seemed to justify my conduct. But this question is greater than an election issue. I do not think our agricultural industry can survive unless there is some let-up in freight rates. During the past ten years representatives of every section in Canada except Ontario and Quebec have appeared before the Board of Transport Commissioners. Ontario and Quebec have not had to do so, because they are sitting on top of the world. For one thing, they have plenty of water transportation, and the Canadian people are soon going to spend millions of dollars to improve this system.

I will admit that even from a careful reading of the bill I am unable to suggest any changes in it, although I am positive that changes will eventually be made. To borrow words I have heard the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) use, "more will be heard about this legislation in the future." Honourable senators, are we going to prejudice our Canadian railway system by putting control and regulation of interprovincial and international highway transport in the hands of the individual provinces? That is what we will be doing by passing this legislation. There are two fundamental issues at stake here and I think every member of this chamber should take his stand on them. The people of Newfoundland are not affected. The two Maritime Provinces, Nova Scotia and New Brunswick, and the four Western provinces, however, are vitally affected. I am persuaded that at this time this measure is not in the best interests of our country.

Hon. Thomas Vien: Honourable senators, the purpose of this bill is only to fill the gap created by the decision of the Privy Council. Prior to that decision, provincial institutions regulated truck traffic on the highway. Every truck company or truck owner had to obtain a licence as public carrier within the province. A trucker within a province carried on his trade under licence from the province; and when he crossed a provincial border he operated under a licence from the other province. That system must continue for a certain time at least, and this bill meets this requirement. It is an important piece of legislation, but it is only provisional. We shall hear from the operators before very long, for questions will arise which are not settled by this bill and further legislation will be required.

This bill is not a delegation of power.

Hon. Mr. Aseltine: If it is not a delegation of power, what is it?

Hon. Mr. Horner: Yes, what is it?

Hon. Mr. Vien: It is a measure to empower provincial boards to issue licences. The federal government still retains all its power, as defined by the Privy Council. Let honourable senators read the bill. They will find that there is no delegation of our constitutional powers.

Hon. Mr. Horner: There is not a permanent delegation of power, but there is a temporary one.

Hon. Mr. Vien: We allow provincial boards to issue licences to operators who carry on extra-provincial trade. Interprovincial trade is already regulated and restricted to public licensees. This bill, if enacted, will apply only in such provinces as have at present a board and laws regulating such traffic. Probably most of the provinces have a board now, but if any province has not, this bill will not apply to it. I ask honourable senators to read section 3 of the bill. I would also refer to section 5, which states:

> The governor in council may exempt any person or the whole or any part of an extra-provincial undertaking or any extra-provincial transport from all or any of the provisions of this act.

It is obvious that we are not delegating our constitutional powers. We are retaining the

right to exempt any extra-provincial operator from the application of the act.

Further, section 7 reads:

> This act shall come into force in a province only upon the issue of a proclamation of the governor in council declaring it to be in force in that province.

It is the Governor General in Council, and not the Lieutenant Governor of a province, who retains the right to issue a proclamation declaring the act to be in force in any province.

In view of the decision of the Privy Council, legislation must be enacted. Otherwise, licences to truckers operating beyond the boundaries of one province would lapse and become null and void. Extra-provincial bus and truck traffic is declared to be within the jurisdiction of the federal government. We must protect truckers and bus operators and owners and their patrons by some kind of legislation. This legislation, therefore, merely fills that gap, but it is incomplete. Let us suppose, for example, that the governor in council exempts the extra-provincial trade of a trucker or bus operator in whole or in part from the application of this act. Under such circumstances, who will regulate the extra-provincial transport so exempted? No provision is made in this bill to cover that situation. If a bus owner or a trucker is licensed by the province of Nova Scotia, for example, to operate across other provinces to the Pacific coast, or into the United States, and if Quebec, New Brunswick or any other intermediate province passes regulations preventing such bus or truck operator from carrying on his trade across its territory by refusing him a licence, what will he be able to do? This bill provides no other solution than under its saving clauses 5 and 7. He might be exempted from the application of this act or this act might perhaps be made inapplicable to such province by withholding publication of the proclamation until the laws and regulations of that province are brought into harmony with those of other provinces for the promotion of interprovincial or international trade.

These two saving clauses demonstrate quite fully, I think, my proposition that this bill does not delegate our constitutional powers, but simply enables a province which has laws or regulations acceptable to federal authorities to use them with respect to interprovincial trade.

Formerly trucks could carry a load of not more than three to five tons; they could not then travel easily with heavy loads over long distances. But as we improved our highways, trucks were able to carry much bigger loads, as much as twenty to twenty-five tons. Tractors and trailers now haul huge loads from one end of the country to the other, and load and unload at all intermediate points. The operations have become profitable to their owners and satisfactory to their patrons as regards rates and quality of service. But we must determine by legislation who shall prepare, issue and publish rates and regulations governing such traffic so as to ensure greater safety for passengers and freight transported by bus and truck, interprovincially and internationally. Bus and truck operators meet at conventions in Canada and the United States and consult one another, and they decide, whith the constituted authorities, what should be done to bring about orderly regulations so as to ensure the safety and adequacy of the services and the reasonableness of the rates charged.

This bill should be refererd to a committee of the Senate. Necessary provisions which the bill does not seem to provide, might, after due consideration and ample discussion with departmental officials, be added.

Section 5 is causing a great deal of concern to a number of truck operators, and they have written to me in that regard. They would like to know whom the government has in mind to exempt from all or any of the provisions of this act; and if a truck system of transportation is exempted, who shall be the regulating authority with respect to the transportation undertaking so exempted.

And as regards section 7, which states that publication of a proclamation will bring the act into force in a province, what are the conditions which will determine such publication or the withholding of such publication?

These and other questions will arise. This legislation is timely; it fills a gap created by the decision of the Privy Council; but, for the protection of the public, it should be sent to a committee, where we might have more opportunity to study it.

Hon. R. B. Horner: Honourable senators, I shall be brief. I really congratulate the Leader of the Government (Hon. Mr. Macdonald), for it seemed to me he was having a very difficult time to convince even himself of the justice of this bill.

Hon. Mr. Macdonald: Oh, no.

Hon. Mr. Horner: In my opinion this bill is purely and simply a vacating by the federal government of its proper duty in connection with truck transportation. I was delighted when the Winner case was decided as it was. For some time now I have been interested in this whole question, coming as I do from a point further west than my leader. I realize

the immense inroads that trans-Canada trucking is making in my own province particularly on the earnings of the railways.

In referring to one phase of the question, the honourable Leader of the Government (Hon. Mr. Macdonald) said that the railways own their own rights-of-way. What about the Canadian National Railways? The government of Canada and the people of Canada own that system just as surely as the provinces own the highways—and as to the trans-Canada highway, the federal government is paying dollar for dollar with the provinces toward the cost of building it.

I gather from this bill that the federal government is vacating its power to regulate truck transportation to nine different governments, in spite of the Privy Council decision. Surely that case was not conducted through the courts without any cost whatever to the federal government. But now that a decision has been rendered in favour of the federal government, any benefit it would enjoy as a result of the decision is being washed out by this bill.

I had hoped that some action would be taken by parliament in connection with the unnecessary slaughter that is occurring on the highways—and in some cases these huge truck transports have something to do with it. I think I told the house about my motor trip west via the trans-Canada route three years ago and particularly of the barren territory where both railways pass and which provides absolutely no traffic to support either of them. It is often referred to as the link between the prairie provinces and eastern Canada. As I was motoring along in that territory late one afternoon I saw four huge transport trucks the size of box cars coming towards me. While there was room for us to pass, they were coming at about sixty miles an hour, and I feared I would be pushed off the road. That is an example of the hazards motorists have to meet on our highways every day. Incidentally, while these huge transport trucks were loaded, the railways were operating through that territory with empty box cars. When the trans-Canada highway is completed we may expect a still greater flow of transport traffic and more competition for the railways.

I must commend the province of Quebec for what it has done to reduce the speed limit of transport trucks and buses on highways. Comparing a trip I took on a bus in that province a year ago with one I took over the past week-end, I noticed there has been quite a reduction in speed. The legal speed limit for buses and trucks on Quebec highways was reduced, I understand, as a result of a very serious accident that happened last winter on a Quebec highway, when a loaded bus took fire, causing some seventeen deaths and serious injury to many passengers. In that case the bus was passing a huge transport-trailer and the vehicles side-swiped. The report of a board of investigation showed that one or both vehicles had been travelling at an excessive speed. Since then the speed limit for trucks and buses on Quebec highways has been reduced to a maximum of forty-five miles an hour. Incidentally, I must say that it makes for more pleasant bus travel.

I believe that the federal government should do something to regulate the speed of trucks and buses travelling across country; and I would go so far as to say that it should do something to regulate the type of traffic that the railways may handle exclusively.

In my opinion this bill would allow the government to evade its duty, and certainly to delegate its power. It is true that if the bill is passed and it proves unsatisfactory the law can be altered later on by parliament.

I think I have made my position clear. I am disappointed with this legislation, and therefore opposed to it. In my opinion it is not the right thing to do, and I forecast that it will not work to the betterment of Canada.

Hon. Thomas Reid: Honourable senators, I found it difficult to follow the reasoning of the honourable senator from De Lorimier (Hon. Mr. Vien) when he said that under this bill authority was not being delegated to the provinces. If I understand the King's English, the bill does delegate authority. Subsection 2 of section 3 provides:

> The provincial transport board in each province may in its discretion issue a licence to a person to operate an extra-provincial undertaking into or through the province upon the like terms and conditions and in the like manner as if the extra-provincial undertaking operated in the province were a local undertaking.

When this bill becomes law provincial transport boards will have authority which they do not now have. How can the honourable senator say that we are not delegating federal powers to provincial boards when the bill reads so clearly on that point?

One aspect of this bill which surprises me was, I think, overlooked by the honourable leader. Since Confederation the federal authority has said to the provinces, "You have no right to regulate interprovincial traffic." We took a definite stand on that point, but in order to clear the atmosphere, legal action was undertaken, which reaffirmed that stand. Why are we now changing our position?

It was all very well for the honourable leader to say that the provinces met in conference with the federal authority. The provinces have always wanted this power,

but the decision of the Privy Council affirmed that under the British North America Act this power rests with the federal authorities. What perturbs me particularly is the giving of power over to provincial boards. Let me illustrate what happens in the province of British Columbia. The local board has the power, and it is controlled by the large transport organizations and truck owners. Out there it is extremely difficult to obtain, under the local board, a licence to run a truck, a bus or a taxi. A returned soldier, a man who had done his bit nobly for his country in World War II, applied for a trucking licence and was told that a similar business was being operated two miles away, and that one trucker in that area was sufficient. He then tried to enter the taxi business, and the reply he got was that a mile away some man was operating a taxi, so the board turned him down again. He felt sore, and I sympathized with him. If it is right to refuse a licence on such grounds, the same principle might be applied to a man who wanted to set up a grocery store. Probably we shall hear more in committee about the bill, but I should point out that there appears to be no appeal from the finding of the local board. If an applicant is refused an interprovincial licence for either freight or passenger business, is there any body to whom he can apply for redress? It is true that the bill contains an escape clause. I wonder if a board is to be set up in Ottawa, or some other provision made for the examination of cases of this kind.

In section 6 provision is made for fines up to $1,000 to be imposed for failure to comply with an order of a provincial board. I think that is a rather severe penalty. Also I should like the honourable Leader of the Government to tell us why the federal government, having retained the authority all these years, is so ready to give it up.

I listened very carefully in the gallery of the House of Commons when the bill was being debated there, and it was my impression that the two ministers who were piloting it were rather timid in the answers they gave. One remark which surprised me was that of the Minister of Transport, when he said, in effect, "We are going to give this a trial, anyway, and the faults and weaknesses will then become apparent."

I believe we should review this bill very carefully, and I look forward to fuller explanations in committee. To my mind it is a dangerous proceeding to transfer all this authority to a local board. It is true that the provincial boards obtain their authority from the provincial governments, but the power conferred upon them is a power to deny a licence to anybody to enter interprovincial transportation.

Hon. Gordon B. Isnor: Honourable senators, I was interested in this bill when it was first introduced, because of a decision taken by the province of Nova Scotia—if I remember rightly, in 1938—when a bill known as the Transport Bill was introduced containing powers very similar to those outlined in the bill we are considering today. I remember that the Honourable A. S. MacMillan, who was Minister of Highways, appeared before a committee here and argued successfully against the conferment of these powers, with the result that the clause in respect of control of highways was eliminated. I followed developments during the years with the same thought in mind—that in view of the fact that, from one end of Canada to the other, the provinces build and maintain their own highways, fix and collect their own licence fees and make regulations covering everything in the province in so far as highways are concerned, they should continue to control highway traffic within their own domain.

I hesitate, honourable senators, to follow three such distinguished lawyers as the honourable Leader of the Government (Hon. Mr. Macdonald), the honourable Leader of the Opposition (Hon. Mr. Haig) and the honourable senator from De Lorimier (Hon. Mr. Vien) in respect of any legal phase of the matter; but, as I recall it, the decision of the Privy Council in the Winner case was that international traffic was involved.

Hon. Mr. Horner: Interprovincial.

Hon. Mr. Isnor: Not only interprovincial, but international—from Boston, through New Brunswick into Nova Scotia, for instance—and I wondered if that circumstance had any bearing on the decision. I am not going to discuss that phase, because I am not qualified to do so, but I come back to the position which we in Nova Scotia, and I think the other provinces, have maintained, that the provinces' jurisdiction in respect of both education and provincial highways is and should be vested in the provinces.

I support the views of those who are urging that this bill be sent to committee. I do so because I think we should get a clear understanding of the meaning of section 5, and in particular whether its effect is to supersede any powers of the provinces to regulate traffic on their highways. Nova Scotia has expended an exceptionally large part of its revenues to bring its highways to a very high state of efficiency, and I feel that, as the bill now stands, there is going

to be conflict in so far as our provincial jurisdiction is concerned. I can quite appreciate the hesitation of Quebec to agree to this measure. I am wondering how it can possibly be workable. If a trucking firm in New Brunswick or Nova Scotia wants to move goods and merchandise to, let us say, Manitoba, and is unable to pass through Quebec, will the federal government step in and say, "We are going to set up a board to direct the Quebec authorities to issue a licence to permit that trucking firm to travel over highways which Quebec has to maintain?". I am speaking solely, of course, from a layman's point of view.

With regard to licences, I have heard more than once the statement that in each province—in Nova Scotia, in New Brunswick, in Ontario, in Quebec and so on—through which the trucker passes, a licence must be obtained. I do not believe that is quite in accordance with the facts. I understand that a reciprocal arrangement exists between most of the provinces so that a truck may, except in one or two of the provinces, travel unhindered from the Atlantic to the Pacific. I think that such an arrangement also exists in certain of the New England states. Therefore, I do not think that what has been said on this point is a sound argument in support of the bill. However, my main purpose in rising is to urge that the bill be referred to committee so that honourable senators may be told what is behind it and who asked for it. I would particularly like to receive clarification with respect to section 5 of the bill.

Hon. Mr. Aseltine: Is the honourable gentleman in favour of the principle of this bill?

Hon. Mr. Isnor: That is pretty difficult to answer.

Hon. Mr. Aseltine: I thought so, but if you vote for the bill on second reading you are in effect agreeing with it in principle.

Hon. Mr. Isnor: If certain factors are satisfactorily explained in committee I might find that I am in favour of the bill. If I thought it would be beneficial to all provinces I would be quite ready to vote in its favour; but I would have to satisfy myself as to certain points, and at the moment I am not in such a frame of mind as to be able to answer in the affirmative.

Hon. Mr. Aseltine: May I ask the Leader of the Government (Hon. Mr. Macdonald) whether the railways have protested the introduction of this bill? And am I right in understanding that under section 5 of the bill the federal government could nullify the operation of the legislation by order in council?

Hon. Mr. Lambert: Would the honourable senator from Rosetown (Hon. Mr. Aseltine) approve the principle expressed in section 5 of the bill?

Hon. Mr. Aseltine: If it meant that the whole legislation could be nullified, I would.

Hon. Mr. Lambert: Well, how is the honourable senator to tell?

Hon. Mr. Burchill: May I ask a question to clarify a point I have in mind? Do I understand that the Leader of the Opposition (Hon. Mr. Haig) said that he is opposed to this bill because it proposes to hand back to the provinces the control of traffic over roads within their boundaries, and that he wants the federal government to retain such control?

Hon. Mr. Haig: As a senator from Manitoba I am absolutely opposed to this legislation.

Hon. T. A. Crerar: Honourable senators, the discussion that has taken place reveals pretty clearly the difficulties and complexities of the problem this bill seeks to solve. If my memory serves me right, the railways in Canada were originally declared to be works for the general advantage of Canada, and as such they came under federal jurisdiction. In the process of time a tribunal of a regulatory character was set up, and that tribunal has continued to function down to this day. The roads and highways of Canada are in a somewhat different category. If I understood the argument of the Leader of the Opposition (Hon. Mr. Haig), it was to the effect that turning the control of interprovincial truck transport over to the provinces would operate against the development of an effective competition with the railways. There is something to that argument, but how are we going to get control over these trucking operations interprovincially? The court has held that that power resides in the federal government, but it did not and could not say how it was to be exercised. Theoretically, if a truck starts from Halifax with a load of goods for Vancouver, under federal control the rates of charge, the speed at which the truck could travel, the weight of load, and factors of that kind would be determined by the federal authorities.

Hon. Mr. Aseltine: All the regulations would be made by the Board of Transport Commissioners.

Hon. Mr. Crerar: Or whatever authority the government set up. Now, under this arrangement that becomes very difficult, because the truckload of goods starting from Halifax and ending in Vancouver will pass

through eight separate jurisdictions. What charges will the various provinces impose on the truck and its load? Will those charges vary? Will the regulations respecting the weight of the load vary? In Manitoba, and I presume the same is true in other provinces, the weight that a truck can carry is limited at certain seasons of the year because of the impact it makes on the roads. As a matter of fact, at all times the weights of loads are limited, for the simple reason that provincial highways are built with money supplied by the taxpayers of the province.

Hon. Mr. Aseltine: Not entirely.

Hon. Mr. Lambert: Except for the Trans-Canada highway.

Hon. Mr. Crerar: Yes.

Hon. Mr. Aseltine: And it would be the Trans-Canada highway over which these trucks would pass.

Hon. Mr. Macdonald: Oh, no.

Hon. Mr. Crerar: I would point out that after the Trans-Canada highway is built the provinces will have to maintain it. It is quite clear that the provinces have an interest in this matter. This bill, while it may not be the answer to the problem—indeed I doubt very much if it is—

Hon. Mr. Haig: I knew my honourable friend would say that.

Hon. Mr. Crerar: —this bill at least makes a start at a solution which ultimately may be arrived at by the process of trial and error. If all highways in every province of Canada were to be declared works for the general advantage of Canada, the provinces would completely cease to have any control over them, and the control would reside in the federal authority. I am sure there is no one in this chamber who would argue for a moment or indeed could argue successfully that that would be a desirable thing to do. That is a matter which I personally would be opposed to, for the subject of roads and highways within provinces surely is one that should come under provincial control and direction.

All this emphasizes that the problem is not an easy one of solution. It goes down into the very regions of relationships between the federal and provincial authorities. It seems to me that in large measure these should be worked out by some process of trial and error, so that ultimately we may arrive at a solution that is in the best interests of all Canadians. For that reason I have no hesitation in supporting this measure I do not think it is the complete answer to the problem, but it is probably the best temporary solution.

Hon. A. K. Hugessen: Honourable senators, if I were asked the question now whether or not I was in favour of the principle of this bill I would have considerable difficulty in answering it. My answer, I think, would be that this is a temporary measure that is necessary for the time being, in the light of the Privy Council decision in the Winner case, in order to ensure that the present interprovincial trucking business of the country can continue to be carried on, and to that extent I feel that the measure deserves our support. However, we should not forget that it is a temporary measure and that we have not by any means arrived at a solution to this question or reached a final decision about it.

Hon. Mr. Crerar: Hear, hear.

Hon. Mr. Hugessen: It seems to me that it is one of the questions that bring into play, and perhaps one might say into conflict, the local interest and the general interest in a very striking way. Take the local interest: as I have had occasion to remark before, I happen to represent in this chamber a part of the province of Quebec which has a boundary with the province of Ontario extending over many hundreds of miles. A great deal of local traffic travels across the bridges between the two provinces every hour of every day of the year. To give one illustration: it seems to me rather ridiculous to suggest that the federal authority should attempt to regulate every single truck which passes across the Interprovincial Bridge, for instance, during the course of the day.

But let us look at it from the national point of view, and at the general transportation position as it exists in this country. Our railroads, airlines and lake transport are all subject to federal jurisdiction. And here we have a fourth mode of transport, trucking, which for the time being, under this bill, is to remain under provincial jurisdiction. I do not hesitate to say that I think that ultimately there will have to be some form of federal regulation of interprovincial trucking in its largest sense, and that problem is becoming more urgent year by year. It was less important when the roads were not very good and the only interprovincial trucking that existed was the movement of lumber across the line from Nova Scotia to New Brunswick, and so on; but we are reaching a position, honourable senators, like that which has already been reached in the United States, where, for instance, fleets of

enormous truck transports start out from southern California with loads of fruit and go across the country to New York and to Boston. Frankly, I do not know what solution they have found in the United States, but I would be surprised if they have not some sort of federal regulation to cope with trucking of that order of magnitude.

Therefore, although I am quite willing to support this bill as an interim measure, purely for the purpose of ameliorating the position which resulted from the Winner judgment, on the other hand, I agree with what has already been said by several honourable senators in this debate, that we have not yet reached finality on this problem, and that some day and in some way it will be the duty of the parliament of Canada to see that there is one special authority for the broad movements of traffic by every method of transport from one end of the country to the other.

Hon. Mr. Macdonald: Honourable senators—

The Hon. the Speaker: I would remind honourable senators that when the honourable senator who sponsored the bill speaks he will close the debate.

Hon. Mr. Macdonald: The debate has been very helpful; indeed, I think we all now have a reasonably good understanding of the bill. A number of questions were asked of me, most of which have been answered by the remarks of the honourable senators from Inkerman (Hon. Mr. Hugessen) and Churchill (Hon. Mr. Crerar).

In my opening remarks I said that this bill was being brought forward as the best solution that could be devised for the problem which flows from the decision of the Privy Council. I quite agree with honourable senators who have said that from time to time changes, and perhaps drastic changes, may have to be made in the legislation.

I think it was the honourable senator from Rosetown (Hon. Mr. Aseltine) who mentioned the Trans-Canada highway. My recollection of the provisions of the bill is that traffic over it falls within the jurisdiction of the provincial governments. However, I would remind the house that that highway is not yet completed. When it is completed across the country it may be necessary to introduce new legislation; but at the present time most of the traffic flowing between the provinces does not go over that highway.

A question has been raised about the position of the railways. I can only reply that the railways will be in the same position after the passage of the bill as they have been up to the present time. The purpose of the bill is to restore to the provinces the control of traffic, as it was prior to the judgment of the Privy Council.

In my opinion, although this legislation may not be perfect, some measure is necessary. I would point out to those who suggest that the dominion government should immediately take over the control of all interprovincial traffic that it would cost the country a very large sum of money. If, as the honourable senator from Blaine Lake (Hon. Mr. Horner) suggested, I did not speak with great assurance when I introduced this bill, I can say that I would have spoken with much less assurance had I been put in the position of having to ask this house to agree to the setting up of another board of transport to control this type of traffic all across Canada.

Hon. Mr. Horner: We would not need another board; we already have one.

Hon. Mr. Macdonald: At the same time, may I say that in introducing this legislation, I do so with the greatest confidence because I think it is the best that we can bring forward at this time. Certainly, no better solution for the problem has been proposed. I therefore present it to the house in the hope that it will receive favourable consideration.

The motion was agreed to, and the bill was read the second time, on division.

Hon. Mr. Macdonald: Is it the wish of the house that the bill be referred to the Standing Committee on Transport and Communications.

Hon. Mr. Horner: I do not know what the committee could do with a bill of this kind.

Hon. Mr. Haig: I quite agree with the senator from Blaine Lake (Hon. Mr. Horner). The language of the bill is quite clear, and I do not see how we could learn anything by referring it to the committee.

Hon. Mr. Macdonald: I would suggest, therefore, that the bill be read the third time tomorrow.

Hon. Mr. Haig: Agreed.

NATIONAL PHYSICAL FITNESS BILL

SECOND READING

Hon. William H. Taylor moved the second reading of Bill 475, an Act to repeal the National Physical Fitness Act.

Hon. Mr. Haig: Carried.

Hon. Mr. Taylor: Honourable senators, this bill went through all its stages and was

passed by the other house without debate, and if this house is satisfied to give it similar treatment, I am quite agreeable.

Briefly, the purpose of the bill is to repeal the National Physical Fitness Act passed in the 1943-44 session, and now known as Chapter 190 of the Revised Statutes of Canada, 1952. The reason the government is seeking the repeal of the act is, I understand, that it has not effectively carried out the purposes for which it was enacted. Section 1 of the bill, therefore, would repeal the act.

Section 2 provides that notwithstanding the repeal of the act, agreements which have been made with the provinces will continue in force until March of next year. I have before me some information with respect to the extent to which these agreements have been operative, but as I judge the temper of the house I think I should not burden it with that information.

Hon. Mr. Crerar: Will the honourable senator tell us how many agreements are oustanding?

Hon. Mr. Taylor: There are agreements outstanding with all of the provinces, with the exception of Newfoundland, Quebec and the Yukon Territory. The agreement with Prince Edward Island expired in 1952. The amounts expended under the act since its inception are not very large, but for the information of the house I shall place on our record a table of the payments made under the act. I may say that the federal government met the provincial contributions dollar for dollar.

The table follows:

PAYMENTS UNDER NATIONAL PHYSICAL FITNESS ACT January 1, 1944, to March 31, 1955.

Province	Period covered	Total payments including those to be made in 1954-1955
Newfoundland	.....	.....
Prince Edward Island	1945-1952	$ 12,395.74
Nova Scotia	1944-1955	112,666.00
New Brunswick	1947-1955	58,215.00
Quebec	.....	.....
Ontario	1949-1955	450,599.00
Manitoba	1944-1955	100,876.00
Saskatchewan	1944-1955	181,085.00
Alberta	1944-1955	167,021.00
British Columbia	1944-1955	185,924.00
Northwest Territories	1947-1955	1,865.00
Yukon Territory	.....	.....
Total	.....	$ 1,270,646.74

Hon. Mr. Haig: I will show my ignorance by asking this question, but I will still ask it: What did anyone do under this bill? What was accomplished?

Hon. Mr. Taylor: The National Physical Fitness Act set up a council to advise with regard to physical fitness. The council was composed of not less than three and not more than ten persons, representatives of physical fitness activities from each one of the provinces that were interested or had an agreement under the legislation. Does that answer the question?

Hon. Mr. Haig: I still do not know what they did, and I would like to know that.

Hon. Mr. Taylor: The statute will tell you that. Section 4 of Chapter 190 of the Revised Statutes of Canada reads as follows:

> 4. (1) It is the duty of the council to promote the physical fitness of the people of Canada and in the performance of such duty it may
>
> (a) assist in the extension of physical education in all educational and other establishments;
>
> (b) encourage, develop and correlate all activities relating to physical development of the people through sports, athletics and other similar pursuits;
>
> (c) train teachers, lecturers and instructors in the principles of physical education and physical fitness . . .

Does that give you the information you desire?

Hon. Mr. Haig: Yes. I have just one word to say on the second reading of this bill. I do not know why in the world I ever sat in this chamber and voted for a bill like that. I would like to know why I did.

Hon. Mr. Lambert: Honourable senators, without delaying the passing of this bill, I think it is only fair to project our minds back to the days during the second World War when recruiting reflected a very definite deterioration in the physical condition of the men recruited. I remember that the gentleman in the other house who sponsored the legislation in 1943 had a very sincere desire of starting a regimen which would produce a better type of men for the ranks. I think it was hoped to enlist the co-operation of the various provinces in a plan that would come within their facilities. I should like to know if the sponsor of the present bill has any evidence of any appreciable improvement in physical standards of our population as the result of the legislation.

Hon. Mr. Aseltine: I heard the other day that the average height of Canadians is now only five feet seven inches.

Hon. T. A. Crerar: Honourable senators, at the risk of talking to the house too much, and I recognize I talk a great deal—

Hon. Mr. Macdonald: No. no.

Hon. Mr. Aseltine: Hear, hear.

Hon. Mr. Crerar: At any rate, that remark finds a responsive chord in one member in the house. I have a little interest in this measure. I happened to be a member of the government at the time it was passed. Now, the honourable senator from Ottawa (Hon. Mr. Lambert) has given the one reason, the main reason, why, at the time, it was considered advisable to have a measure of this kind on the statute books. Looking back now, I should say it was conceived without a full consideration of all its implications. It has ceased to be effective, and now we are winding up its career. What will happen to the office furniture and the office rent and the director and the staff I do not know.

Hon. Mr. Aseltine: They will be kept on.

Hon. Mr. Crerar: At any rate, I can assure the house that I am prepared to raise a hearty cheer for this bill that finally brings an end to a measure which although well intended at the time it was passed, in 1943, might better have been allowed to fall immediately into oblivion.

Hon. Mr. Stambaugh: I would like to ask a question of the honourable senator who sponsored the bill before us. I notice from a recent survey by health authorities that the average Canadian is shorter and fatter than he used to be. Did the National Fitness Act have anything to do with that?

Hon. Mr. Lambert: No; there was not enough wheat.

Hon. Mr. Taylor: Honourable senators, in reply to my honourable friend's question I would suggest that too much activity at the table is responsible for the condition revealed by the survey.

Hon. Mr. Reid: Might I ask one question? Do I take it from the remarks of the honourable senator who sponsored this bill that certain agreements will remain in effect for some time yet? If so, will any expenditures be required to complete them, and will these be made out of the appropriations of the Department of National Health and Welfare?

Hon. Mr. Taylor: I believe so. Under the act there is a provision that $232,000 will be set aside each year to apply to those provinces with which agreements were made. The contribution to a province was based on the proportion of its population to that of the whole dominion.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. Taylor moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

JUDGES BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill 478, an Act to amend the Judges Act.

He said: Honourable senators, this is a very simple bill. Its purpose is to provide salaries for one additional judge for the Court of Appeal in British Columbia and one additional judge for the trial division of the Supreme Court of Alberta, the salary in each case being $14,400.

Hon. Mr. Reid: Is that an increase?

Hon. Mr. Hugessen: No, there is no increase involved here. As the house knows, the provinces have to determine how many judges they need. British Columbia and Alberta have each provided for an additional judge in their courts, and all that we are asked to do is to vote the salaries for those two additional judges.

Hon. Mr. Horner: I suppose the population of British Columbia is increasing to such an extent that more judges are required there.

Hon. Mr. Hugessen: Yes, and the same is true of Alberta. I imagine the legal business both of Alberta and British Columbia is increasing very considerably as a result of an increase in population.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. Hugessen moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 23, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION CONCURRED IN

The Hon. the Speaker: Honourable senators, I have the honour to present to the Senate a report from the Civil Service Commission respecting the transfer of positions, classes and incumbents from the staff of the House of Commons to the staff of the Library of Parliament.

When shall this report be taken into consideration?

Hon. Norman P. Lambert: Honourable senators, I move, with the consent of the house, that this report be taken into consideration now.

The report, which I can explain very briefly, is the result of a meeting of a joint committee of both houses which took place on the 3rd of June. At that meeting a proposal was made that the Chief Librarian of the Library of Parliament be made responsible for the administration of the reading room of the House of Commons, which has heretofore been the responsibility of the Clerk of that house. The joint committee approved that recommendation, and steps were taken to transfer three members of the reading room staff to the staff of the Library of Parliament. Under this arrangement the Chief Librarian will be responsible for these employees, who are attached to the reading room of the House of Commons. This change in no way affects the economy of the Senate. It is only by virtue of our membership in the Joint Committee that we are asked to concur in this report.

The motion was agreed to, and the report was concurred in.

PENSION BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, for the Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 339.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (339 from the House of Commons) intituled: "An Act to amend the Pension Act", have in obedience to the order of reference of June 17, 1954, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: I move the third reading now.

Hon. Mr. Haig: Honourable senators, I will not delay passage of the bill for more than a moment. I objected, on second reading, to the provision in the bill relating to the salaries of the commissioners. I also objected in committee, and I now object on the passing of the bill. I would like to have it recorded as passed on division.

The motion was agreed to, and the bill was read the third time, and passed, on division.

ST. LAWRENCE SEAWAY

CORRESPONDENCE TABLED

Hon. Mr. Macdonald: Honourable senators, I have the honour to lay on the Table of the house an exchange of notes between Canada and the United States Ambassador to Canada, on June 7 and 16 respectively, on the subject of the St. Lawrence Seaway, in English and in French.

INTERNAL ECONOMY

PROPOSED AMALGAMATION OF CERTAIN SERVICES

On the Orders of the Day:

Hon. John T. Haig: Honourable senators, I want to correct a possible mistake I may have made on Monday last when there was some reference to the special joint committee on proposals to amalgamate certain services. If I did make a mistake, I do not think the house was mislead, but in any event I wish now to state the position clearly. At the meeting of the special joint committee the question of having one postmaster in charge of the post office service for both houses was discussed, and a subcommittee was appointed to look into the matter during the summer and obtain estimates in order to determine what savings, if any, could be made. As a matter of fact, we did not come to any definite conclusions; we did not know whether the proposed changes would result in any worth-while economy, and we were

not much concerned with merely trifling economies. We did, however, stipulate that none of the persons at present employed should be adversely affected by any new arrangements.

Hon. Mr. Macdonald: But that recommendation does not affect future employees.

Hon. Mr. Haig: No.

I repeat that actually we did not agree to anything except that an investigation should be made, and that we would favour any proposal which would lead to more efficient service.

Hon. Mr. Aseltine: I understand things have gone further than that, and that action is being taken right now—

Hon. Mr. Lambert: That is not so.

Hon. Mr. Aseltine: —to replace two post offices with one.

Hon. Norman P. Lambert: On Monday, when the honourable senator from New Westminster (Hon. Mr. Reid) asked a question, I supposed that he had this particular subject in mind. As the honourable Leader of the Opposition (Hon. Mr. Haig) has pointed out, the feeling expressed in relation to this matter at the meeting of the joint committee of the Senate and the House of Commons was that inquiry should be made into the existing post office facilities and that a report should be made by a subcommittee of the Senate to the Internal Economy Committee of this house. That subcommittee has already met and has asked the Clerk of the House, in pursuance of his official functions, to go into this matter fully with the Speaker of the House of Commons, who has charge of these matters in that house; and I understand that instructions have already been given by the Speaker of the House of Commons to the superintendent of the post offices to make inquiries as to available space in order to provide factual data on this subject. But no move whatsoever has been made to consolidate the two post offices, and it is certain that no such move will be made without the consent of the Internal Economy Committee of the Senate.

Hon. Mr. Crerar: Will the committee then report on the matter to the house?

Hon. Mr. Lambert: When the subcommittee has been acquainted with all the facts it will report to the main committee, which in turn will report to the house. So there is no chance in the world of anything being done about this matter, either academically or otherwise, before the next session.

VETERANS BENEFIT BILL

THIRD READING

Hon. Mr. Vien moved the third reading of Bill 101, an Act respecting benefits for members of the Canadian Forces.

The motion was agreed to, and the bill was read the third time, and passed.

EXCISE TAX BILL

THIRD READING

Hon. Mr. Connolly moved the third reading of Bill 447, an Act to amend the Excise Tax Act.

The motion was agreed to, and the bill was read the third time, and passed.

MOTOR VEHICLE TRANSPORT BILL

THIRD READING

Hon. Mr. Macdonald moved the third reading of Bill 474, an Act respecting extra-provincial motor vehicle transport.

Hon. Mr. Vien: Honourable senators, during the debate on the second reading of this bill it was suggested by some honourable members that it be referred to a standing committee for further study. However, after due consideration, the house decided that such action was unnecessary. I pointed out during that debate that the bill contains two saving or escape clauses, clauses 5 and 7, under which the government retains power to correct any situation remaining uncovered because of inadequacies in the bill itself or anomalies or inconsistencies in provincial regulations, and so on. I am sure that after this bill has become law it will be rounded out in due course, as experience dictates. Having that in mind, I am satisfied that third reading be given.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Mr. Horner: On division.

The motion was agreed to, and the bill was read the third time, and passed, on division.

VETERANS' LAND BILL

SECOND READING

Hon. W. Ross Macdonald moved the second reading of Bill 459, an act to amend the Veterans' Land Act.

He said: Honourable senators, before proceeding to explain this bill, perhaps I should mention that the bill received very careful consideration by the House of Commons before it came here. After it received second

reading there it was referred to the Special Committee on Veterans Affairs, which committee, as honourable senators know, consists mainly, though not entirely, of veterans, and is representative of all parties in the house. The committee not only considered the bill carefully, but went over it with the minister and departmental officials. The bill then received the unanimous approval of the committee. I think it is unusual for a bill affecting veterans to receive unanimous approval, but this bill did, and when the committee presented its report, the House of Commons also passed the bill unanimously.

It is not my custom, as honourable senators know, to go over the clauses of a bill one by one, but perhaps in this instance it will be easier to explain the bill if I do so to a certain extent. The bill divides the Veterans' Land Act into three parts. Part I comprises the whole of the present act from section 6 on, as amended by this bill. Parts II and III are additions to the act.

The amendments in Part I are largely intended to overcome administrative difficulties that have been experienced by the Veterans' Land Act administration over the years. For instance, clause 2, with the marginal note "Determination of cost to director", provides that the cost of the land and improvements, so far as the director is concerned, is the amount actually expended therefor by him, without taking into consideration the cost of any improvements that may have been made on it by any other department of the government.

Clause 3, while important, is relatively unimportant in comparison with the other clauses. It refers to veterans certified by the director to be commercial fishermen and is intended to cure certain deficiencies that are mentioned in the explanatory note in the bill.

May I next deal with subclause 3 of clause 3, which provides for the new subsection (4a) of section 10 of the act. Honourable senators of course appreciate that over the years the veterans who have taken advantage of the provisions of this act have a substantial equity in their holding. After a period of ten years they get title to the land and may sell it. It is felt, however, that it would be unfair to allow the veteran, who has had the advantage of the low interest rate of 3½ per cent, to sell the land to a non-veteran who would indirectly benefit by the provisions of the act. This new subsection is being inserted in the act to provide that upon the land being disposed of at the end of ten years any remaining indebtedness against it will bear interest at 5 per cent.

The act is not clear as to the right of the director to return to a veteran who had to give up his project any moneys that the department received upon the sale of the land in excess of what was owing at the time the veteran gave it up. By clause 8 of the bill provision is made that such a surplus will be paid over to the veteran.

I think I have disposed of the important points under Part I.

Generally speaking, Part II makes provision for veterans who are building their own homes. As honourable senators know, under the National Housing Act a person who wants a mortgage must have his plans approved by an authorized lender before money will be advanced on the project; and the money is then advanced on the strength of the proposed plans and the contract which has been entered into for the building of the house.

But under this bill, for the purpose of assisting veterans who wish to build their own houses, the director of the Veterans' Land Act is to have at his disposal the sum of $15 million, from which he can advance moneys from time to time to such veterans while their houses are being built. It is a well-known fact that there are many veterans who have had training in construction, and who either by themselves or with the assistance of their friends can do a good deal of work required in house building. But a veteran cannot take advantage of this provision merely by saying he wants to build a house. He must satisfy the department either that he is qualified to build the house or that he has arranged for satisfactory supervision of its building. In fact, the department will go so far as to give further training to men who have some knowledge of building. When satisfactory arrangements are made, the plans are drawn up, and the building of the house will be carefully supervised by the department from time to time. The veteran must have a financial interest in the house to the extent of $800; and the total amount that he can get under this arrangement is $8,000. Upon the completion of the house, the veteran will execute a mortgage in favour of the Central Housing and Mortgage Corporation.

Honourable senators may be curious to know about interest charges on the money advanced to the veteran while his house is being built. No interest is charged during that period of time, provided the veteran has not been paid an allowance under the Veterans Rehabilitation Act for the cost of tuition at a university or other approved institution. The legal work also will be done by the department without charge to the

veteran. It is hoped that many veterans will take advantage of the provisions of this act.

As honourable senators may know, there is a subdivision in Ottawa known as Carleton Heights, which started under the "Build Your Own Home" plan. Some twenty-nine houses were built there by veterans under a plan similar to the one now being proposed; however, the operation was somewhat complicated, because it was not under one department. My information is that those houses cost the veterans $6,200 per unit; and it is estimated that had they been built under regular trade practices they would have cost $9,950, and that today they have a market value of about $11,000. They are good houses, and the men have had a fair reward for their industry.

Part III of the act makes provision for increasing the amount of money that may be loaned to a full-time or part-time farmer, or to a commercial fisherman. The interest rate for the additional amount of money is greater than it was for the original loan. In order to take advantage of this arrangement, the veteran must put up half the amount that is to be contributed by the government. For instance, if he requires $4,500 to purchase a tractor, he will have to put up $1,500; and of course the department will have to be satisfied that he is in a financial position to pay the $3,000 and that the tractor is necessary for his farm operations.

Honourable senators, I think I have explained the important provisions of the bill. I repeat what I said at the outset, that the bill received unanimous approval in the House of Commons.

Hon. Mr. Isnor: Would the honourable leader explain what is meant by the term "commercial fishermen"? There is no question about what is meant by "farmers", but there may be some doubt as to the meaning of the other term.

Hon. Mr. Macdonald: Probably I could make the term clear by informing my honourable friend that I have tried to be a fisherman, but not a commercial fisherman. Commercial fishermen fish in order to earn a living; I fish, as do many others here, for pleasure—sometimes with luck and sometimes otherwise. In brief, a commercial fisherman is one whose business is fishing.

Hon. Mr. Isnor: And a farmer is one whose business is farming?

Hon. Mr. Macdonald: Yes. I do not know whether any honourable senators describe themselves as farmers.

Hon. Mr. Horner: I appreciate the very full explanation that the Leader of the Government (Hon. Mr. Macdonald) gave of the bill, and I think I can readily understand why these amendments were unanimously approved in the House of Commons. No doubt consideration was given to the high expense that a veteran would incur if he engaged in farming. Any additional loan that he can secure is all to the good, and I am very pleased to support the bill. I do not think there is even any need for it to go to committee.

Hon. Mr. Aseltine: Honourable senators, I think the bill should go to committee. It is a very comprehensive piece of legislation, containing some seventy sections, and there are quite a few questions I would like to ask. I am an agriculturist. The bill does not define that term, but the difference between a farmer and an agriculturist has been defined something like this: a farmer makes his money on the farm and spends it in town, while an agriculturist makes his money in town and spends it on the farm.

As I would like to have an opportunity of asking some questions with regard to this bill, I would appreciate it very much if it were referred to the Banking Committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Macdonald, the bill was referred to the Standing Committee on Banking and Commerce.

LIBRARY OF PARLIAMENT

REPORT OF JOINT COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the second report of the Joint Committee of both houses on the Library of Parliament.

Hon. Norman P. Lambert moved concurrence in the report.

He said: Honourable senators, the statement I made a few minutes ago, when His Honour the Speaker presented the report from the Civil Service Commission, that the report was a direct result of a meeting held on the 3rd of June, applies also to the report of the Joint Committee on the Library which is now before you.

This report, the text of which was published in yesterday's *Minutes of the Proceedings* of the Senate, recommends two things: first, that the reading room of the House of Commons be placed under the authority of the Joint Librarians; and secondly, that at the next session of parliament legislation be

introduced to amend the Library of Parliament Act to provide that the whole library shall be in charge of only one Librarian from such time as one of the present Joint Librarians may retire, with the further provisions that there shall be an Associate Librarian possessing a knowledge of the language which is not that of the Librarian for the time being, and that the Librarian should be alternately English speaking and French speaking in accordance with the rule that has been followed with respect to the speakership of the houses.

Hon. Mr. Kinley: When can we expect the library will be ready for use again?

Hon. Mr. Lambert: The renovated library is expected to be in operation two years from now.

Hon. Mr. Kinley: Will the joint committee have anything to do with the National Library?

Hon. Mr. Lambert: Nothing whatever. The National Library is a different institution, and a line of demarcation will have to be established between its functions and those of the Library of Parliament. That is something that has yet to be done.

Hon. Thomas Vien: Honourable senators, I think we should ponder a minute on this report and consider where we are heading. I do not object to the report as it is. The first part deals only with the reading room of the House of Commons, and as long as the House of Commons members of the joint committee are in favour of such a step as is recommended, there is very little we need say about it in this house.

The second part of the report is a pious recommendation to the government that legislation be introduced at the next session of parliament to make the change recommended in the status of the Librarian. It may be desirable to have one general Librarian and an Associate Librarian, one being English speaking and the other French speaking. This seems very appropriate. We should, however, be on the look-out to prevent the admnistration of the library, and of any reading rooms under the Librarian, from passing out of the control of parliament. This is strictly a parliamentary library and we should be very much concerned to retain control over it.

I want to tell all honourable members of the Senate who are not members of the Committee on Internal Economy that the ultimate goal which the sponsors of the first part of this report have in mind is the establishment of one joint reading room for the members of the two houses of parliament. It is a matter to which I do not object in principle, but which honourable members might have in mind to consider in due course when the occasion arises. At an informal meeting when this proposal was urged we pointed out that while the library building is undergoing major repairs and the library itself is located in the House of Commons reading room, that reading room would hardly be suitable for the joint use of members of both houses of parliament. That view was accepted, and so the matter was left in abeyance, but this report might very well be the thin edge of the wedge. For the time being, let us be on the look-out.

The motion was agreed to, and the report was concurred in.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 24, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

PUBLIC SERVICE SUPERANNUATION BILL

REPORT OF COMMITTEE—AMENDMENTS CONCURRED IN

Hon. A. K. Hugessen, for the Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 463.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (463 from the House of Commons), intituled: "An Act to amend the Public Service Superannuation Act", have in obedience to the order of reference of June 21, 1954, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 7, line 7: strike out the quotation mark.
2. Page 7, lines 8 and 9: strike out clause 3.
3. Page 7: after line 7 add the following:

52. (1) Notwithstanding anything in this Part, the expression "participant" does not include

(a) a person employed in the Public Service on the 1st day of July, 1954, or

(b) a person who is a member of the regular forces on the 1st day of July, 1954,

if that person, on or before the 1st day of November, 1954, in such manner and form as the regulations prescribe, has elected not to come under the provisions of this Part.

(2) An election made under this section is irrevocable.

53. (1) Except as provided in subsection (2), this Part shall come into force

(a) with respect to public service participants, and

(b) with respect to regular forces participants, on a day or days to be fixed by proclamation of the Governor in Council.

(2) This section and sections 50 and 52 shall come into force on the day that *An Act to amend the Public Service Superannuation Act*, enacted at the first session of the twenty-second Parliament, was assented to."

The Hon. the Speaker: Honourable senators, when shall this report be concurred in?

Hon. Mr. Hugessen: I move that the report be concurred in now.

Hon. W. Ross Macdonald: Honourable senators, before the motion is passed I should like to carry out an undertaking which I gave to the members of the committee on the request of the honourable senator from Churchill (Hon. Mr. Crerar), to state the possible effect of removing the compulsory feature from this measure. If I recall correctly the words of Mr. Taylor, the Deputy Minister of Finance, he said:

If 2 or 3 per cent opt out the bill would be unaffected and would certainly go into force. If as many as 25 per cent opt out the government would almost certainly decide not to proclaim the act. In between these extremes the government will have to reserve its position and examine the percentage and distribution of those who opt out.

Hon. Muriel McQ. Fergusson: Honourable senators, as you know, in the debate on the second reading of this bill, I spoke very strongly on behalf of the single women in the Civil Service. I did not oppose the principle of the bill, for I believe that group insurance is a good thing, but I thought that the bill contained some very obnoxious features—the most obnoxious one, of course, being the compulsory feature, which has now been removed.

Since yesterday's committee meeting I have had more telephone calls and visits than I could number from women in the Civil Service who expressed their very sincere gratitude for the consideration that was given to their request by the Senate, and also for the consideration that was given by the minister. I just want to put on the record this expression of their appreciation and of their feeling that they are living in a country that will listen to the wishes of a minority.

The moton was agreed to, and the amendments were concurred in.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill, as amended, be read the third time?

Hon. Mr. Hugessen: I move the third reading now.

The motion was agreed to, and the bill, as amended, was read the third time, and passed.

ATOMIC ENERGY CONTROL BILL

REPORT OF COMMITTEE

Hon. Elie Beauregard, Acting Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 393.

The report was read by the clerk assistant, as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (393 from the House of Commons) intituled: "An Act to amend the Atomic Energy Control Act", have in obedience to the order of reference of 8th June, 1954, examined the said bill, and now beg leave to report the same without any amendment.

Hon. Mr. Beauregard: Honourable senators, may I add a few words by way of compliment to the sponsor of the bill, the honourable senator from Northumberland (Hon. Mr. Burchill), for arranging for the appearance before the committee of Mr. Bennett, the President of Atomic Energy of Canada Limited. Mr. Bennett gave us a most lucid

and informative report upon the activities of our country in respect of atomic energy, in its application both to purposes of war and civilian uses. His exposition was so interesting that some honourable members of the committee suggested it should be included in our records. With the leave of the Senate I would move, therefore, that the text of Mr. Bennett's address be incorporated as an appendix to our debates.

Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable senators, I support the motion of the honourable senator from Rougemont (Hon. Mr. Beauregard). Mr. Bennett gave us a most instructive address, and when we asked him if it would be proper to have it published he said that there was nothing secret in it. I think—and my opinion is shared by everyone to whom I have spoken —that he gave us a very clear explanation of what is going on in the field of atomic energy, and I appreciated his presentation very much.

The motion was agreed to.

(See Appendix at end of today's Report of Debates, pp. 719-725.)

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

VETERANS' LAND BILL

REPORT OF COMMITTEE

Hon. Elie Beauregard, for the Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill 459.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (459 from the House of Commons) intituled: "An Act to amend the Veterans' Land Act", have in obedience to the order of reference of June 23, 1954, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Haig: Now.

Hon. Mr. Macdonald: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

INTERNATIONAL TRADE

REPORT OF COMMITTEE

Hon. A. Neil McLean presented the report of the Standing Committee on Canadian Trade Relations:

The Clerk Assistant (reading):

The Standing Committee on Canadian Trade Relations beg leave to report as follows:

Hon. Mr. Macdonald: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. McLean: I move that the report be concurred in now.

Hon. Mr. Macdonald: Honourable senators, as the report was not read I understood that it would not be taken into consideration until next sitting. The report will appear in *Hansard* and our *Minutes of Proceedings.*

Hon. Mr. Haig: We can take it as read.

Hon. Mr. Macdonald: Very well.

The report is as follows:

The Standing Committee on Canadian Trade Relations beg leave to report as follows:—

1. Pursuant to the order of reference dated February 23, 1954, whereby your committee was authorized to continue to inquire into and report upon the most practical steps toward further implementation of Article 2 of the North Atlantic Treaty, your committee has heard submissions from ten witnesses representing leading commercial and industrial organizations, as well as economic and trade experts, from other NATO countries.

2. Your committee is aware of the continuing interest being shown by various groups within this country, as well as without, in achieving a freer trade as contemplated by Article 2 of the North Atlantic Treaty and the general desire, as expressed by leaders in these member countries, that conflict in international economic policies be avoided wherever possible.

3. Your committee realizes that there are additional groups who wish to be heard and that time has not permitted during the present sitting of parliament to accommodate all those who wish to appear and present their views. For this reason, it has not been possible to complete the findings and submit a final report.

4. Your committee therefore expresses the hope that at the earliest possible date during the next session of parliament your committee may be authorized to complete its work by hearing the remaining witnesses who wish to appear and the preparation of the final report. It is hoped that from this report may emerge constructive ideas for closer economic collaboration among the members of the North Atlantic Treaty Organization.

The motion was agreed to, and the report was concurred in.

SAINT JOHN THE BAPTIST DAY

On the Orders of the Day:

Hon. W. Ross Macdonald: Honourable senators, as this is Saint John the Baptist Day, may I crave the indulgence of the house while I make a few remarks in French.

Hon. Senators: Hear, hear.

(Translation):

Hon. Mr. Macdonald: Honourable senators, on the feast of St. John the Baptist, which we are celebrating today, I wish to offer my best wishes to all French-speaking Canadians and to say to them that the history of French Canada, from Cartier down to our own days, may well inspire us with admiration.

In reading that history, from the times of the pioneers who first broke the land to make our task easier right down to the present day, one finds that French-speaking Canadians have played a most important part in building the Canadian nation and that they have greatly contributed to strengthen our national unity.

To all French-speaking Canadians and, in particular, to those of you, honourable senators, whose ancestors came from France, I wish to express my very deep friendship.

(Text):

However, honourable senators, June 24 is also a day of celebration in other parts of our nation, for it was on that date in the year 1497 that John Cabot, sailing under the auspices of a group of English merchants, moored his little ship the *Mathew* at Bonavista, in Newfoundland, and thereby discovered Canada. To the citizens of our newest province, and its capital named for this Saint, we send greetings and best wishes on this memorable anniversary.

But yet another province, New Brunswick, and its city of Saint John, also find this feast day to be one of special significance. Honourable members will recall that on the occasion of Champlain's second visit to Canada, in 1604, he carried out, in association with De Monts, extensive exploration in the area round the Bay of Fundy prior to establishment of his early settlements at Port Royal and St. Croix. Indeed, it was on the 24th of June, 1604, that his ship arrived in the harbour at Saint John, which also derives its name from this event. Today, therefore, we also salute the people of Saint John who this year will celebrate the three hundred and fiftieth anniversary of the founding of their city.

Hon. Senators: Hear, hear.

(Translation):

Hon. L. M. Gouin: Honourable senators, may I first express my deepest gratitude to my leader and friend, the Leader of the Government, for having offered us, in French, his best wishes on the feast of St. John the Baptist. He has thereby given us a new proof of the old ties of friendship between the Scotch and the French, which I would call even an affinity. I therefore thank the Leader of the Government, in the name of some four million Canadians of French origin, in Quebec and the other provinces of Canada, from the Atlantic to the Pacific, and also in the name of my Franco-American brethren. The ancient French tradition of courtesy requires that I should first offer my best wishes to our youngest province, Newfoundland, which is today celebrating the anniversary of its discovery, and the most elementary politeness requires that I should address myself in English to those who are today commemorating the arrival of the discoverer, John Cabot, at Bonavista, in 1497. I will then continue my remarks in the language of Shakespeare, as I wish to be understood by all my colleagues, so that they may express their approval or disapproval of my statements.

(Text):

Honourable senators, it is St. John's Day for our good friends from Newfoundland as well as for us, and to them I offer with all my heart my very best and kindest wishes. We are all exceedingly happy to have been, shall I say, annexed a few years ago by that island which was long known as Britain's oldest colony. I trust that this union, so long desired, will prove to be a profitable association for Newfoundlanders as well as for all other Canadians.

During my youth I spent three summers on the banks and in the waters of the Strait of Belle Isle. I had the privilege of spending two weeks at the northernmost point in Newfoundland, at a small island whose name is pronounced in English "Kirpoon". The little island was in fact named Querpont, a good old Breton name, by our own Jacques Cartier. I also visited Blanc Sablon, on the north shore of Labrador, which was also christened by the ancient mariner from St. Malo.

For centuries fishermen from Brittany, the native land of my ancestors, have come to Newfoundland. I understand there are now about five thousand French-speaking Newfoundlanders. To them and to all French-speaking Canadians in Nova Scotia, New Brunswick and Prince Edward Island I extend my good wishes. I know, of course, that the majority of French-speaking Maritimers belong to the heroic Acadian branch of our family and that they celebrate their Feast on Assumption Day, August 15. But I cannot forget today those brothers and sisters numbering a quarter of a million on the Atlantic coast.

Today, throughout Quebec we light bonfires as our ancestors used to do in Brittany on St. John's Day *à la St. Jean d'été*. Today

we remember first our intrepid discoverers: Cartier, Champlain, La Salle, Marquette, D'Iberville, La Vérendrye. We have a pious thought for our missionaries and for our martyrs. Today, we glorify such military heroes as Dollard, Frontenac, Montcalm, Lévis, de Salaberry; those also of the Royal 22nd—the "Van-Doos"—and of the Chaudiere, of our Mount Royal Fusiliers and of all our regiments, without forgetting of course our glorious Alouette squadron, and all those who served with such courage and distinction in our Air Force and our Navy.

We remember also with pride our political leaders of the past: Bédard, Bourdages, Papineau, Lafontaine, Cartier, Dorion, Mercier, Laurier, Lapointe, Cardin, and, I hope, also Gouin and Taschereau.

Hon. Senators: Hear, hear.

Hon. Mr. Gouin: I now turn to the half million Franco-Ontarians who have given to us such statesmen, among others, as my excellent friends the Honourable Paul Martin and the Honourable Lionel Chevrier. I pass on to Manitoba, the province of the Leader of the Opposition (Hon. Mr. Haig) and of our devoted Chief Government Whip, the honourable senator from Provencher (Hon. Mr. Beaubien), whose home town of Saint Jean Baptiste bears the name of our patron saint. To our 50,000 or more Franco-Manitobans; to our beloved 40,000 or more "Saskatons", as we call the French-speaking Canadians living in Saskatachewan; to the 40,000 Franco-Albertans of Edmonton and elsewhere in Alberta; and to our 25,000 French-speaking compatriots of British Columbia, I pay my sincere compliments for their courage and for their patriotism.

I wish to mention also the three million or more Canadians of French origin living in the United States who have now become American citizens. They celebrate across the border today, as we do here, the feast of our patron saint. President Eisenhower was invited to participate in their celebrations, but his many commitments prevented him from being present. However, he expressed his regrets in a letter that was so kind and had such a personal touch that all French Canadians have read it with satisfaction and are grateful to the President for that gesture.

Honourable senators, before resuming my place I ask the question: What does the future hold in store for all Canadians, and in particular for Canadians of French origin like myself? Without hesitation, I answer that we believe in Canada, we hope for its continuous progress, we love our beloved country with all our hearts. "It is great indeed to be a Canadian", to quote our Prime Minister and world-famous leader, Mr. St. Laurent. I wish to remark here on this solemn occasion that the declaration which he made yesterday about the possibility of holding a federal-provincial conference next fall, as has been suggested by Premier Frost, has greatly rejoiced my heart. I commend our distinguished Prime Minister for always keeping a light in the window. He has made it quite clear that he is willing to hold discussions with any provincial premier, and that he is convinced that a fair and just solution can be found for the difficulties which now confront, in particular, my own province.

Although I am a political opponent—and, I would say, even a stubborn political opponent—of Premier Duplessis, it is for me a pleasant duty to offer him today my compliments in his capacity as the official chief of my province. I was a fellow student of the Honourable Maurice Duplessis in law school—for, incidentally, I may say that there was a time when the senator from De Salaberry was a young law student. Ever since those early days in our careers I have constantly, and, I would say, most faithfully, opposed him in politics, but nevertheless I owe a great debt of personal gratitude to him. When I lost my mother, in 1904, the wife of the Honourable Honoré Mercier II became my foster mother and, in later years when that dear aunt of mine lost her husband and found herself in a state of great financial distress, Premier Duplessis secured the adoption by the Quebec legislature of an act granting her a pension. I cannot forget that noble gesture of generosity on the part of the Premier of Quebec, and I am glad to record today in *Hansard* that deed which does so much credit and honour to him.

May I ask all my political friends from Quebec, including my illustrious leader, Mr. St. Laurent, and all my political opponents, including that benefactor of my family, Premier Duplessis, not to forget the words of Honoré Mercier I: *Cessons nos luttes fratricides. Unissons-nous*—"Let us cease our fratricidal strife. Let us unite".

For statesmen of good will, for two Canadian leaders deeply attached to our country as a whole and loving like a mother their own native province, surely a fair and just settlement is possible. The sooner steps are taken to solve an urgent and vital issue, the better it will be for our common welfare. May our great patron saint obtain for me the grace not to have spoken in vain today, not to have preached in the wilderness.

Hon. Senators: Hear, hear.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(Referred to at page 716)

Evidence of

W. J. Bennett, President of Atomic Energy of Canada Limited,

before the Standing Committee of the Senate on Banking and Commerce, June 24, 1954.

It has been suggested that I should describe for the committee the atomic energy program. I think it may be helpful to an understanding of our present program if I recall very briefly Canada's introduction to atomic energy and the part that we played in that remarkable achievement—the atomic bomb. Sir Winston Churchill has described in the fourth volume of his memoirs his meeting with President Roosevelt at Hyde Park in June of 1942, and the momentous decision which was taken at that meeting—that the United States would try to produce an atomic bomb. Canada was a partner in this great enterprise almost from its inception. We supplied uranium—the raw material of the bomb—from the deposits at Port Radium in the Northwest Territories. In association with a group of British scientists, we undertook to develop a method for producing plutonium, the fissionable substance needed for atomic bombs. It was the success of this project, known as the "Montreal Laboratory", which made possible the design and construction of the NRX reactor at Chalk River under the direction of the National Research Council, the most efficient reactor of its kind in the world.

The program undertaken in Canada during the war, both in the raw materials field and in the field of reactor design and development, have determined the character of our postwar program. Before describing that program, I will mention briefly the several agencies which have been concerned with it, and their respective duties. These are the Atomic Energy Control Board of Canada, Atomic Energy of Canada Limited, and Eldorado Mining and Refining Limited.

The Atomic Energy Control Board, established on August 31, 1946, is primarily an advisory agency which deals with questions of national policy. The board is also responsible for establishing and administering the various regulations which are necessary at this time in the field of atomic energy.

Atomic Energy of Canada Limited is a crown company which was incorporated in April 1, 1952, to take over the direction of the Chalk River project from the National Research Council.

Eldorado Mining and Refining Limited, also a crown company, came into existence in January, 1944, as the successor to the privately-owned company which operated a mine at Port Radium in the Northwest Territories and a refinery at Port Hope, Ontario. This company is responsible for the raw materials program. The company has a dual role. It is a producer of uranium and the procurement agent for all uranium mined in Canada.

This distribution of functions as between the three agencies, which I have just described, was an attempt to reconcile the administrative realities which emerged from the war with what were considered to be the administrative requirements of the postwar program. It was anticipated that as the program developed, some revision of the administrative set-up might become necessary. This has proved to be the case. The purpose of the proposed amendments to the Atomic Energy Control Act of 1946 is to establish administrative machinery and procedures which will better meet the requirements of the present and future program.

First, a few words about the raw materials program. You will recall that in 1946 and 1947 a serious attempt was made by the United Nations Atomic Energy Commission to establish some method of controlling atomic energy, in the hope that the horrors of an atomic war might be prevented. In these days when there is criticism in some quarters of the moral leadership of the United States, we do well to remember the proposals submitted by the United States to the United Nations Atomic Energy Commission in 1946. In brief, the United States was prepared to hand over to an international agency all of its stock of atomic bombs, all of its scientific data, and all of its raw

material, on condition only that other nations would do likewise, and that there would be an effective international inspection. If we consider the very advanced position of the United States in atomic energy at the time in relation to other countries, we will appreciate the generosity of this offer. The refusal of the U.S.S.R. and its satellites to accept the offer may well be one of the fateful decisions of history. Certainly, had the offer been accepted, we would be living in a different world today. The failure to reach agreement could have only one result—the United States decided to expand the atomic bomb program. The Government of Canada, in its turn, decided that the wartime partnership should be continued. These decisions were based on the conviction which surely needs no argument, that the atomic bomb is the most potent means of maintaining the security of the western world.

In terms of raw materials the decisions meant that we would not only continue to supply uranium for the bomb from our existing sources, but that we would make a vigorous attempt to find new sources.

What success have we had with the first of these objectives?

The Eldorado Mine at Port Radium faced two problems at the end of the war—depleted ore reserves and an inadequate ore dressing process. The fact that the mine is still operating and that the company was able to increase production by approximately 75 per cent in 1952 will indicate the measure of our success in solving these problems.

What have we done about finding new sources of production?

I will speak first of Eldorado's exploration activity. The program got into full stride in 1947. Late in that year a large number of radioactive occurrences were discovered and staked in the vicinity of Beaverlodge Lake in northwestern Saskatchewan. After extensive diamond drilling in 1948, two of these occurrences were selected for underground exploration. This began in 1949, and was carried through 1950 and 1951. One of the occurrences located on the St. Louis Fault, and known as the Ace, proved to be a mine. The construction of a mining plant and a concentrator was started in April of 1952. The plants were in operation in May of 1953—a little more than a year later. The Ace mine is now in full production. When I tell you that the property is located 300 miles from railhead and is inaccessible except by air for eight months of the year, you will appreciate the significance of this achievement. Initial production is at the rate of 500 tons of ore per day, but the mining plant was designed to handle 2,000 tons per day, attesting our optimism as to the ore potentialities of the ground along the St. Louis Fault. As a further indication of that optimism, we have just begun to sink a third exploration shaft, a mile and a half east of the Ace ore body. We are hopeful that this will lead to a substantial increase in tonnage.

What of the activities of other mining companies?

As I have mentioned previously, the decision to expand the bomb program brought with it the demand for more uranium. To those of us who were responsible for the raw materials program, it seemed clear that we could only hope to meet this new demand by encouraging the prospector and the industry to join in the search for uranium. As a first step in implementing such a policy, the reservation of title to the crown of radioactive minerals, which was established during the war years, was removed. A second and third step were necessary—the establishment of a purchasing policy, and the selection of a procurement agent. An advisory committee, drawn in large part from the mining industry, was set up to advise on purchasing policy. It was the committee's view that there was no hope of interesting the prospector and the mining industry unless a reasonable incentive could be provided. Since under existing international conditions there could be no question of an open market, with the free play of price which this involves, it was the committee's recommendation that the incentive should take the form of a guaranteed minimum price for a fixed period. The first price was published in March, 1948, and was guaranteed for five years. Both the price and the period of the guarantee have been revised from time to time on the recommendation of the advisory committee. The present price has been guaranteed until March 31, 1962. Granted the continuing need for a close control of the sale and export of radioactive materials, it appeared that this could best be obtained by channelling all sales and exports through a single agency. Eldorado was designated as that agency. Availability as well as experience in the sales field were the principal reasons which prompted the selection. What success have we had in attracting the interest of the prospector and the mining industry?

I can best answer this question by indicating some of the conditions which tend to discourage investment in uranium exploration.

First, there is the very understandable concern as to the future of uranium when the military need decreases or ceases altogether. While the future is beginning to take shape, it is not possible at this time to estimate accurately the post-military demand for uranium. The guarantee of a minimum price

for a fixed period seems to offer the only solution to this problem, pending the day when it will be possible to forecast the long-term demand. The present price has been guaranteed until March 1962. Bearing in mind the fluctuations of price which affect other base metals, the guarantee does provide some compensation for the disabilities associated with a single market.

Second, there has been some dissatisfaction with the price offered. Under normal marketing conditions, there is a world price for metals which is determined largely by demand. But we are not dealing with a normal situation. The fact that the bulk of the uranium production in the free world is now being used in the atomic bomb program means simply that there is a single buyer—the United States Atomic Energy Commission. So long as this condition prevails, the establishment of price will rest finally with the commission. While as a producer I can understand the demand for a higher price, I believe I also have some appreciation of the problem which the commission faces in its attempt to work out satisfactory prices for producers in the United States and producers in other countries. Here I should point out that Canada is only one of several countries now supplying uranium for the bomb program. If we admit, as I think we must, that our partnership with the United States in that program is in the national interest, it follows that in establishing a purchasing policy we must endeavour to equate our responsibility as a partner with the reasonable needs of the Canadian producer. We have tried to do this by adopting a policy midway between the practice which prevails under normal commercial conditions —where price is dictated by demand, and the practice which prevails under conditions of wartime buying—where price is usually arrived at by negotiation and is related to cost. There is a fixed price which is available to all producers, but we have also said that we will consider the payment of special prices where conditions warrant such consideration. Such special prices will be arrived at by negotiation and will be related to cost.

What conditions might warrant the payment of a special price? One example would be the case of a property with a proven tonnage of substantial size but which, because of grade or location, could not produce under the published price schedule. Another would be the case of a property which was able to produce a high-grade mill product but only after large expenditures for the concentration plant and its operation. Several special price contracts have now been negotiated and several are under consideration.

Finally, and I regard this as much the most serious of the deterrents to investment, there was in Canada until recently a growing conviction that it was going to be exceedingly difficult, if not impossible, to discover a uranium property of commercial worth. I have been one of those who have argued since the inception of the purchasing policy that no amount of financial incentive would take the place of one good discovery. Following the establishment of the purchasing policy in the spring of 1948, considerable interest was shown by the prospector and the mining industry. This slackened off very noticeably in the succeeding years; not, in my view, because the price was unattractive, but because no private company had made a real find. The discovery late in 1952 by a private company of a second major property in the Beaverlodge area has brought about a decided change in the Canadian picture. More recently important discoveries have been made in the Blind River area of Ontario. Two properties in this area are now planning production.

I am quite aware that I have not answered the all-important question—what will happen when the bomb program is cut back or discontinued? The answer to that question is bound up with the future of atomic energy in the civilian economy. I hope that the remarks which I shall now make on that subject may serve to put the problem in better perspective, even if they do not provide a final answer.

This brings me to a description of the second phase of the Canadian program—the research and development establishment at Chalk River.

At the present time the civilian application of atomic energy can be considered under two general headings—radioisotopes and power. The NRX reactor at Chalk River, and the new NRU reactor now under construction, have this in common with all reactors: they release energy from nuclear reactions and provide a powerful source of neutrons which can be used to produce radioisotopes and nuclear fuel.

I will speak first of the radioisotope program, since this is the most advanced in terms of application. Radioisotopes are produced in two ways—by irradiating certain materials in a reactor, or by extraction from the large quantities of fission products which are released by a reactor. The fact that the NRX reactor has the highest known neutron flux of any natural uranium reactor in the world has made it possible for Canada to produce radioactive isotopes which are difficult, or impossible, to produce in other reactors. A great many of these isotopes are

now available, and the number is increasing. Possibly the best known is Cobalt 60, because of its use in the treatment of cancer. Canada was able to pioneer this development, since Cobalt 60 produced in the Chalk River reactor has special properties not contained in Cobalt 60 produced elsewhere. Deep therapy units, as they are called, designed and produced in Canada by the Commercial Products Division of Atomic Energy of Canada Limited, are now in use in Canada, the United States, the United Kingdom and Italy. Radio-iodine, radio-phosphorus, radio-gold, radio-carbon, and numerous labelled organic compounds and hormones are also being produced at Chalk River for medical research and treatment. Isotopes have found a use in certain industrial processes. They are used to control thicknesses of paper and metallic films, for eliminating electro-static charges in printing machines and textile mills, for locating junctures of oil supplies in pipelines, for indicating liquid levels in tanks, to mention a few of their common applications. The use of radioisotopes as tracers in certain chemical, physiological, and agricultural processes opens up a wide field of application. For example, with a radioisotope used as a tracer, it is possible to follow the life history of an insect, the motion of sap and absorption of salts by the roots of plants, the efficiency of phosphate fertilizers, and the amount of retention of certain elements in the food fed to animals. Since the production of isotopes presents no great technical difficulty, the extension of their use is now largely a problem in applied research—a problem which, in my opinion, can best be solved through the active interest of the potential user—industry and the medical profession. It will be our policy to continue to encourage this interest.

What do we mean by atomic power? It is customary to begin the answer to this question by expressing the energy potential of uranium in terms of kilowatt hours of energy. It is estimated that the fission of one pound of uranium 235 releases in a reactor 11,400,000 kilowatt hours of energy. While this gives us some measure of the tremendous energy potential which is possible in a reactor, it must be interpreted in the light of a further fact: There is no known method of making a direct conversion of this energy to electric energy. However, the fission process does produce very great heat. It is estimated that the heat given off as a result of the fission of one pound of uranium 235 is equivalent to that obtained from burning 1,300 tons of coal. It is this heat which is the key to the use of atomic energy as a source of electric power. Atomic energy does not provide a new kind of power. It simply provides a new kind of fuel for the standard power plant. As such it is in the same category as the other thermal sources such as coal, oil and natural gas.

The importance of this atomic fuel as a source of power will depend on the cost of producing it, translated into cost per kilowatt hour of electric energy generated. In one sense the problem might be said to be economic, rather than technical, since we have already demonstrated that it is possible to design and operate a reactor which produces heat. In fact the technical and economic factors are inseparable. All of the reactors now in existence were costly to build and are expensive to operate. Most of them were designed to produce plutonium for the military program. Now if there was a continuing market for plutonium it would be possible to treat the heat as a by-product, and thus produce low-cost power. There are two objections to this approach. First, there is some evidence that a reactor designed primarily for the production of plutonium would not have the most desirable characteristics as a producer of heat for the generation of power. Second, it would be unwise to assume that the military demand for plutonium will continue at the present level for an indefinite period. A cut-back in demand, or a cessation of demand, would throw the full cost of the reactor and its operation against the production of heat, with a resulting cost per kilowatt hour which would be prohibitive. Therefore, we must find a way of designing a reactor which can be made self-sustaining—economically speaking—as a producer of heat. This is a job which requires great genius in fundamental and applied research, and great skill in design and engineering. It is this job which we are trying to do at Chalk River.

You have probably gathered from the literature already published on atomic power that there are several designs of reactors now being investigated. Broadly speaking, there are two types: reactors which use natural uranium as a fuel—called slow reactors; and reactors which use fissionable material, such as plutonium, as a fuel—called fast reactors. Both have their advantages and it is probable that both will be used. One of the important factors in the choice of design may well be the availability of an abundant and continuing supply of cheap uranium. The NRX reactor now in operation at Chalk River is a slow reactor, that is, it uses natural uranium as a fuel. The NRU reactor now under construction is of a similar type but much more advanced in design. While the new

reactor will afford ample opportunity for carrying out the fundamental research which is necessary for the design of a power reactor, it is not itself a power reactor.

The next stage in the program must be the design and engineering of a power reactor. Since this will involve problems in engineering, as well as problems in research, it seemed obvious that the time had come to bring into the picture as active partners, those who will be the ultimate users of atomic power, and those who will be asked to supply the equipment for atomic power plants.

As a first step in this direction, a number of power companies and certain firms engaged in the manufacture of power equipment joined with the staff at Chalk River in a symposium on atomic power. Some of the papers presented at that symposium have now been published.

Following this meeting an invitation was extended to all the provincial power commissions and to the private power companies to participate in the study of atomic power now under way at Chalk River. In November of 1953 arrangements were entered into with the Hydro-Electric Power Commission of Ontario for the carrying out of an atomic power feasibility study. The purpose of this study is to decide upon an outline specification for a power reactor and to prepare an estimate of its cost. A special group has been selected for the study, drawn in part from the Chalk River organization and in part from the Hydro-Electric Power Commission of Ontario. The staff in certain specialized fields, such as chemical processing and metallurgy, will be recruited from industry.

In order to bring about a fuller participation in the program of the provincial power commissions and private power companies, an advisory committee on atomic power has been established on which these commissions and companies will be represented. The purpose of the committee will be to acquaint the potential users of atomic power with the progress of the research and development program at Chalk River. It is expected that the members of the committee will assist in the assessment of the economics of this new source of electrical energy.

I mentioned a moment ago that the problems involved in the use of atomic energy as a source of electric power were both technical and economic, and I commented briefly on the direct relationship between the two. There is an even broader economic implication. When we say that our objective is to reduce the capital and operating cost of reactors to the point where nuclear fuel can compete with other fuels as a source of power, you will naturally conclude that we must be using some cost yardstick. This is so. The yardstick is a maximum cost which will be comparable to the cost of producing power in a steam plant with coal at $8 per ton. This we estimate roughly between 5 and 6 mills per kilowatt hour. Now at first glance this figure may appear prohibitive bearing in mind the prevailing rates for hydro power. This is true only if we expect to have an unlimited supply of hydro power which can be developed and transmitted to existing industrial areas at low cost.

What do we know about the probable future power demand and the resources which will be available to meet that demand?

Here we enter upon the realm of speculation, and I would ask you to keep this in mind in judging the validity of my conclusions. What has happened in the past is probably the best guide to what may be expected to happen in the future. Let us, therefore, take a look at the past. Let us see what has happened in the past twenty-five years. We find that in that period the consumption of electricity in Canada has increased four-fold, the total dollar value of our production of goods and services has doubled, and our population has increased by about 50 per cent. It is not too difficult to trace a relationship between these three factors. Amongst other things, this relationship justifies the conclusion that Canada's remarkable expansion during the past twenty-five years has been due in some measure to the availability of abundant and cheap power. It also supports the argument that if this expansion is to continue we must expect a continuing rise in power consumption. Or to put it another way—the availability of power will be a condition of our growth in the future, as it has been a condition of our growth in the past.

Suppose we now attempt to project the power demand over the next twenty-five years. For the purposes of this projection we will assume that our population will increase at the rate of approximately two per cent per annum, something less than the average rate of increase over the past twenty-five years, and that the gross value of our national output will increase at the rate of 3½ per cent per annum, which is also somewhat less than the average rate of increase over the past twenty-five years. Let us assume that the relationship of population and national output to power demand which has existed during the past twenty-five years will also prevail during the next twenty-five years. On this basis Canada's power requirements will quadruple by 1979. In place of the

10,000,000 kilowatts of installed capacity which we have today we will need an installed capacity of somewhere around 40,000,000 kilowatts by 1979. Even if we use a somewhat different approach, and merely assume that our present annual increment in the order of 1,000,000 kilowatts continues to hold over the next twenty-five years, we come up with much the same result. Adding this 25,000,000 kilowatts to our present installed capacity of 10,000,000 kilowatts gives us a figure in the order of 35,000,000 kilowatts by 1979.

Where is this power to come from?

The total hydro potential is estimated to be 50,000,000 kilowatts. Of this we are now using approximately 20 per cent. However, when we consider these figures we must keep in mind that the 20 per cent is a national average. The amount of that potential now in use in some areas is much higher than 20 per cent. Moreover, substantial blocks of this potential power are located in areas not readly accessible to industry. It is possible, of course, that certain industries which use large amounts of power, such as aluminum, will be prepared to establish plants at or near the site of the power, as is happening at Kitimat. However, in most industrial operations power, while it is essential, is not a large element of cost. Consequently, these industries are likely to give more weight to such items as the cost of transportation, availability of labour and housing, etc., when they are selecting plant locations. This being so, I do not think it would be wise to conclude that our total estimated potential hydro power will be available for existing industrial areas. The experts whom I have consulted tell me that of the total estimated hydro potential of 50,000,000 kilowatts, 30,000,000 kilowatts are likely to be available for use in existing industrial areas by 1979. On this basis we can anticipate a hydro power deficiency of somewhere between 5,000,000 and 10,000,000 kilowatts twenty-five years from now. We will have to meet this deficiency from thermal sources. If conventional fuel-burning plants are to be used, these plants will have to provide generating capacity equivalent to between 50 per cent and 100 per cent of our present generating capacity, depending on whether we estimate the hydro deficiency at 5,000,000 or 10,000,000 kilowatts. This would mean a four-fold and possibly an eight-fold increase in our present steam plant capacity.

Obviously, any assessment of the cost of existing thermal sources in terms of the Canadian power picture as a whole is complicated by the fact that in some regions coal or oil, or natural gas, or all three, are available in substantial quantities and at low cost; whereas in other regions there are no indigenous thermal fuels. It so happens that one of the areas which has experienced the greatest increase in power demand—southern Ontario—is in the second category. Here our appraisal of the future power demand, and the sources from which that demand can be met, can be made with a greater degree of certainty.

The average increase in the primary power requirements for the southern Ontario system in the years from 1922 to 1952 has been 5·7 per cent per annum. To put the position more graphically, the total power requirements have increased from 498,000 kilowatts in 1922 to 2,766,000 kilowatts in 1952. If we apply the rule that a 6 per cent increase per annum will require the doubling of a power system every twelve years, and if we assume that the present average rate of increase will continue, we can estimate that the capacity for the southern Ontario system will have to be doubled over the next twelve years and quadrupled over the next twenty-four years.

What are the prospects of obtaining additional power from water resources in Ontario?

Present estimates indicate that the water resources of the southern Ontario system in 1958 will be insufficient to meet the demand unless the St. Lawrence development goes ahead. Even with the development of the St. Lawrence, water resources will again be insufficient by 1962. It seems obvious that if the power demand is to increase at the estimated rate, the additional power required will have to come from thermal sources. None of these thermal sources is found in Ontario. They must be imported or brought from great distances within Canada. There seems to be no likelihood that the cost of these thermal fuels, or the cost of transporting them, will decrease. The trend is now in the other direction. Under such conditions we believe that atomic power can make a very important contribution to the power resources of Ontario.

I have used the situation in southern Ontario to give emphasis to my argument. Where comparable conditions prevail in other regions, atomic energy should also fill the gap.

I hope that there will have emerged from my remarks, necessarily sketchy, some understanding of what we are doing about atomic energy in Canada. I hope it will also be clear that the program has two parts. The immediate end of the raw materials part of

the program is to increase the supply of uranium for use in atomic bombs. We may regret the need for such a priority, but I think we can take some comfort from the knowledge that in striving for this end we may well obtain information about our uranium potential which we would not otherwise obtain. In a sense, therefore, the raw materials effort also has a long-term objective. The primary end of the program at Chalk River is to maintain and improve our technology in reactor design and operation, in order that we may be able to take full advantage of our uranium resources when the civilian application of atomic energy becomes possible. There is no conflict between these ends. The one is necessary to the other. If we are to hold the unique position we have now gained in atomic energy, we must have both an ample supply of its raw material and the techniques so necessary for its application.

THE SENATE

Friday, June 25, 1954

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

PUBLIC SERVICE SUPERANNUATION BILL

AMENDMENTS CONCURRED IN BY COMMONS

A message was received from the House of Commons returning Bill 463, an Act to amend the Public Service Superannuation Act, and acquainting the Senate that they have agreed to the amendments made by the Senate to this bill, without amendment.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. Macdonald: Honourable senators, yesterday afternoon we disposed of all the business which had come to us from the House of Commons, and we had previously dealt with everything which had been initiated in this house. I expected that the remaining piece of legislation for this session, the Appropriation Bill, would be before us at this time for our consideration. That bill, as honourable senators know, must originate in the House of Commons, so it is necessary for us to wait until that house passes the bill. I have made inquiries, and my information is that the bill is not likely to be passed there before eight o'clock this evening. I would therefore suggest that the Senate rise at this time, to resume at the call of the bell, at approximately eight o'clock.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

Hon. Mr. Macdonald: I move that when the house adjourns today it stand adjourned until tomorrow at 12 o'clock noon.

The motion was agreed to.

The Senate adjourned until tomorrow at 12 noon.

THE SENATE

Saturday, June 26, 1954.

The Senate met at 12.00 o'clock noon, the Speaker in the Chair.

Prayers.

Routine proceedings.

BUSINESS OF THE SENATE

Hon. W. Ross Macdonald: Honourable senators, the only legislation that remains to be dealt with by the Senate is the Appropriation Bill. The House of Commons is continuing its consideration of the estimates, with the expectation of completing them in time to send the bill over to us early this afternoon.

Under these circumstances I would move that we now adjourn during pleasure, to reassemble at the call of the bell, at approximately 3 o'clock.

The motion was agreed to.

The Senate adjourned during pleasure.

At 3.05 p.m. the sitting was resumed.

Hon. Mr. Macdonald: Honourable senators, I was in the lobby of the House of Commons a few minutes ago, and inquired there when the Appropriation Bill is likely to be passed. Of course, it is very difficult to say when, but no doubt it will eventually be passed, as I have so often been reminded by the opposition. My information is that the bill is not likely to receive third reading before 5 o'clock this afternoon, and it may be 6 o'clock or even later.

I would move that the house rise now, to reassemble at the call of the bell, between 5 and 6 o'clock.

The motion was agreed to.

The Senate adjourned during pleasure.

At 5.50 p.m. the sitting was resumed.

PROROGATION OF PARLIAMENT

NOTICE

The Hon. the Speaker informed the Senate that he had received a communication from the Secretary to the Governor General, acquainting him that the Honourable Mr. Justice Patrick Kerwin, acting as Deputy of his Excellency the Governor General, would proceed to the Senate Chamber this day, at 6 p.m., for the purpose of proroguing the First Session of the Twenty-Second Parliament.

APPROPRIATION BILL No. 4

FIRST READING

A message was received from the House of Commons with Bill 479, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1955.

The bill was read the first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. W. Ross Macdonald: Honourable senators, I move the second reading now.

Honourable senators, this bill is the fourth of the supply bills which have come before us during this session. Appropriation Bill No. 1, which was passed on March 31 last, covered interim supply for the first part of the fiscal year beginning April 1, 1954, and ending March 31, 1955. It consisted of one-sixth of the items to be voted in the main estimates for the fiscal year, and in addition it included proportional expenditures on certain items, of which the major portion was to be expended earlier in the year. The bill provided interim supply in the amount of $530,945,824.41.

Honourable senators will recall that Appropriation Bill No. 2, which was passed on March 31 last, covered the end-of-the-year supplementary estimates for the fiscal year 1953-54, in the amount of $98,214,350.

Appropriation Bill No. 3, which was passed on May 27 last, granted interim supply for the month of June, plus additional proportions of certain special items, and was in the amount of $264,417,542.92.

The fourth and final appropriation bill, now before us, asks for a total amount of $2,402,747,102.67. This amount consists of the balance of the main estimates remaining unappropriated at the present time, in the amount of $2,360,432,364.67, together with a sum of $42,314,738 provided for in the further supplementary estimates tabled in the House of Commons. It will be realized that to these amounts appropriated by parliament must be added a sum of $1,739,721,393, which is the amount authorized by statute, bringing the total of the expenditures authorized this session to $4,937,831,863.

The form of the bill follows in all respects that of the main supply bill which comes to us at the end of every session. Perhaps I may be permitted to refer to the bill by sections.

Section 1 is simply the short title.

Section 2 provides for the balance of the main estimates after deducting the amounts appropriated under the Appropriation Acts Nos. 1 and 3 passed earlier this year, and as I have already mentioned, amounts to $2,360,432,364.67. Details of this item will be found in Schedule A attached to the bill.

Section 3 provides for further supplementary estimates for the fiscal year 1954-55 and which, as I mentioned a few moments ago, amount to $42,314,738. The details of this amount are to be found in Schedule B attached to the bill.

I do not intend to mention many of the items. Among the major amounts to be found in this section are a $6 million item towards the construction of Public Works projects, both of public buildings and of river and harbour installations, as well as expenditures incurred by Central Mortgage and Housing Corporation in the construction of married personnel quarters and schools for the Department of National Defence. There is a one and one half million dollar pension benefit program for the Royal Canadian Mounted Police, a $900,000 expenditure for harbour construction at Halifax and Saint John, a $9 million item for the restoration of a 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 1953-54.

There is also a $1 million item for advances to Central Mortgage and Housing Corporation, under section 37 of the new National Housing Act in respect of housing projects for veterans, as well as at Gander, Newfoundland, and at Pembroke for the employees of the Atomic Energy of Canada.

Another major item is a three and one-half million dollar sum by way of a loan to the Canadian National (West Indies) Steamships, Limited, on such terms and conditions as the governor in council may approve, for the redemption of Canadian National Steamships government-guaranteed bonds issued on March 1, 1930, and maturing on March 1, 1955.

The last major item is one of over $5 million for the purchase of land and improvements; the cost of permanent improvements to be effected; the removal of encumbrances; stock and equipment; and for the protection of security under the Veterans Land Act. Details of the items listed in these further supplementary amounts may be found in Schedule B of the act.

Section 4 of the bill is the usual authorization for the governor in council to raise by way of loan a sum not exceeding $500 million which may be required from time to time throughout the year.

Section 5 provides that the usual accounts be submitted in detail to the House of Commons in conformity with the Financial Administration Act.

Honourable members will appreciate that the bill is in the usual form of the supply bill which reaches us at the end of the session, and I submit it to the house for its favourable consideration. It is unfortunate, I agree, that there is not time to study the details of the expenditures found in the schedules. But, while I regret that there has not been more time at our disposal for this purpose, I would remind honourable members that the estimates have been in our possession for many months; we have had the opportunity of seeing the estimates of every department, and also of following the debates in the House of Commons. So I think that we can fairly say we are familiar with the items in the main estimates; and I have given details of the major items in the further supplementary estimates.

For these reasons the bill before us is not completely new, and I commend it to the house for approval at this time.

Hon. W. M. Aseltine: Honourable senators, a long and more or less dreary session of parliament is rapidly coming to a close. In the absence of the honourable Leader of the Opposition (Hon. Mr. Haig) I had intended to make a quite comprehensive speech relating not only to the estimates but to several other items, such as the conservation of our natural resources. But upon consultation with my colleagues on this side of the chamber—

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: —I have decided to postpone making that speech until the next session of parliament. Perhaps I shall do so during the debate on the next Address in reply to the Speech from the Throne.

Honourable senators, this being a budget debate it is quite in order for members to speak on any subject they may choose. I should like to make a few remarks at this time about the Delorme divorce petition, which has been killed for the present session.

Honourable senators know that for many years I was Chairman of the Standing Committee on Divorce—

Hon. Mr. Macdonald: And an excellent chairman.

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: But this year, owing to a serious accident to my Leader (Hon. Mr. Haig), which resulted in added responsibilities for myself, I was forced to give up the post of chairman. Together with other honourable members I was able to persuade the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) to take over as chairman, but I allowed my name to remain among the list of members in order that I might give assistance from time to time, if necessary, and on several occasions when the chairman was unable to be present I acted in his place. I am sure that if the chairman were here now he would speak briefly about this divorce petition, so I am taking the liberty of making a few remarks in his absence.

The petition in the Delorme case was dealt with in the usual way, and evidence on behalf of both the petitioner and the respondent was carefully considered by our Divorce Committee during a lengthy hearing. Finally the members of the committee unanimously agreed to recommend the granting of the petition, and reported to the Senate accordingly. A bill dissolving the marriage was subsequently passed and sent to the House of Commons for approval. I do not want my remarks to be considered as a criticism of what happened in the other place. As I understand it, the bill eventually received second reading there, but when it came up for third reading it was referred back to the Miscellaneous Private Bills Committee for further consideration. That committee then recalled many of the witnesses for both the petitioner and respondent, and finally decided in favour of the bill, and so reported to the House of Commons. However, two or three days ago when the bill came up for third reading in that house—I am basing my statement on a report that appeared in the Ottawa *Citizen*—the bill was killed for this session. It seems that certain members took up the full hour allotted for private bills, and as parliament is proroguing today the bill cannot be further dealt with at this session.

I do not like that procedure, and I think something should be done so that a case of this kind could not die in that manner. The petitioner Delorme was entitled to a decision one way or the other. The Senate Divorce Committee may have been wrong in its decision, or the committee in the other place may have been wrong; but this man having paid his money and presented his case, it was the duty of parliament to consider his petition and decide one way or the other on the evidence. In other words, judgment should have been given either for or against him.

Hon. Mr. Golding: Hear, hear.

Hon. Mr. Aseltine: In my opinion, what has happened in this case is a travesty of justice. That is all I wish to say about this divorce petition. I hope that some change in the rules can be made so that such a thing will not happen again. A divorce bill is different from a private member's bill, for a private member does not pay a parliamentary fee as a petitioner for divorce does. A private member's bill may be accepted or rejected or talked out. It seems to me, however, that a divorce bill should not be talked out, but that a decision should be given for or against it.

One other point that I would like to mention, honourable senators, is whether or not parliament should meet again in the fall, adjourn for the Christmas vacation, resume and carry on until the Easter recess, then resume and continue until prorogation, as was done this session—which has been the longest, I am told, since 1903. Yet, apart from the Criminal Code, the customary decennial revision of the Bank Act, the amendments to the Bank of Canada Act, and half a dozen other fairly important bills, the legislation which has come before parliament this session has been more or less routine. Therefore it seems to me that it was unnecessary for us to meet last November at all.

I think the government should take this matter into consideration.

An Hon. Senator: Hear, hear.

Hon. Mr. Aseltine: If parliament opened in September the other house would probably still be sitting in June of the following year. I fail to see any advantage in meeting in November, for it does not seem to shorten the session. If I had control of matters, I would start the new session about January 10, and carry right on until the business was finished; and I am sure we would not be here any later than we are this year.

Dealing now with the Appropriation Bill which is before us, I agree with the honourable Leader of the Government (Hon. Mr. Macdonald) that honourable senators have had plenty of time to consider the estimates. I have had a copy of the estimates for more than three months and have gone through them from time to time, and

if I did not understand any item I inquired and got the information. Of course, I was very disappointed that the Chairman of the Committee on Finance, the honourable senator from Churchill (Hon. Mr. Crerar), did not set up his committee to study these estimates, and I would like him to tell us why. The committee did not meet last session for the reason that parliament completed its work at an earlier date than usual so as to allow many honourable senators and members of the House of Commons to attend the Coronation of our beautiful young Queen. But during a number of preceding sessions the committee did function, and in my opinion it greatly facilitated a thorough study of the detailed estimates by this branch of parliament.

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: I think I am in order in asking the honourable senator from Churchill (Hon. Mr. Crerar) to tell us why he did not set up the Finance committee this session and provide us with the same opportunity we had in previous years to study the estimates in advance of their presentation to this house. An annual budget of approximately five billion dollars is by no means "peanuts". Although honourable senators have had the estimates before them for some time, we would have been in a much better position to consider them from the standpoint of the public interest if we had had an opportunity to review them item by item in committee.

Honourable senators, my supporters to my right and to my left—

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: —suggest that I say nothing further at this time.

Hon. Mr. Macdonald: Honourable senators, we have all enjoyed the remarks of the honourable acting Leader of the Opposition (Hon. Mr. Aseltine).

I listened with interest to his expression of disapproval of the procedure and the results that followed in the handling of a certain divorce bill in the other house, and the results that followed. Any suggestion as to change of procedure in the handling of divorce bills for the purpose of preventing a recurrence of what happened in this instance should, I think, be made after a consideration of the matter by our committee.

Hon. Mr. Aseltine: I brought the question before the house at this time in the hope that some thought might be given to the problem between now and when we next meet.

Hon. Mr. Macdonald: I think it is a question that should be considered by the Committee on Divorce.

Whether at the next session parliament should meet for a short time before Christmas and resume late in January, or meet early in January and continue until the business is completed, is a matter of opinion. I am not in a position to say which is the more acceptable procedure, but I shall certainly bring my friend's views in the matter to the attention of the government.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

Hon. Mr. Macdonald: Honourable senators, as indicated by the notice read by His Honour the Speaker, the Deputy of His Excellency will arrive at this chamber momentarily. Pending his arrival, I move that the house adjourn during pleasure.

The Senate adjourned during pleasure.

PROROGATION OF PARLIAMENT

THE ROYAL ASSENT—SPEECH FROM THE THRONE

The Honourable Patrick Kerwin, the Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following bills:

An Act for the relief of Francis Walsh.

An Act for the relief of Hilda Anne Darke Marshall.

An Act for the relief of Claude Raphael Sacchitelle.

An Act for the relief of Isabel Mary Peebles Brown Macartney-Filgate.

An Act for the relief of Wilfrid Lavoie.

An Act for the relief of Joseph Edgar Emilien Landry.

An Act for the relief of Joseph Victor Gerard Fontaine.

An Act for the relief of Jeanne Robert Hotte.

An Act for the relief of Heneault Champagne.

An Act for the relief of Leopold Ruel.

An Act to provide Diplomatic and consular immunities for Commonwealth representatives in Canada.

An Act respecting the construction of lines of railway by Canadian National Railway Company from St. Felicien to Chibougamau and from Chibougamau to Beattyville, all in the province of Quebec,

and from Hillsport on the main line of the Canadian National Railways to Manitouwadge Lake, both in the province of Ontario.

An Act respecting the criminal law.

An Act to amend the Customs Tariff.

An Act to amend the National Harbours Board Act.

An Act to amend the Criminal Code (Race Meetings).

An Act respecting banks and banking.

An Act to amend the Income Tax Act.

An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1954, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

An Act to incorporate Canadian Slovak League.

An Act to provide for allowances for disabled persons.

An Act to amend the Pipe Lines Act.

An Act to repeal the National Physical Fitness Act.

An Act to amend the Judges Act.

An Act respecting benefits for members of the Canadian forces.

An Act to amend the Excise Tax Act.

An Act respecting extra-provincial motor vehicle transport.

An Act to amend the Pension Act.

An Act to amend the Atomic Energy Control Act.

An Act to amend the Veterans' Land Act.

An Act to amend the Public Service Superannuation Act.

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1955.

After which the Honourable the Deputy of the Governor General was pleased to close the First Session of the Twenty-Second Parliament with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

As I bring the present session to a close, the political tension throughout the world is a grim reminder that the first concern of the government must be the maintenance of the necessary strength to deter aggression while we continue to strive for the establishment of peace in the world.

Our country is meeting every commitment we have made for our national defence and for international projects for relief, rehabilitation, technical assistance and the economic advancement of other peoples materially less fortunate than our own.

Our external trade continues at a high level. Although there is still in Western Canada a huge volume of wheat resulting from the three successive record crops, our grain exports continue to exceed the ten-year average.

You have approved a trade agreement with Japan designed to assist in developing our growing trade with that country. Trade agreements have also been concluded, for the first time, with Spain and Portugal which, with improved arrangements with Italy and Brazil, should assist us in the recovery of historic markets in those countries.

In recognition of the growing importance of our northern territories, you enacted legislation establishing the Department of Northern Affairs and National Resources.

We all rejoiced at the recent decision of the Supreme Court of the United States which removed the last serious legal obstacle to the development of the St. Lawrence project and which now clears the way for actual construction of both the navigation facilities and the power installations.

The Pipe Lines Act was amended to give jurisdiction to the Board of Transport Commissioners over all companies authorized to construct or operate interprovincial or international oil or gas pipe lines and most of the difficulties in the way of the building of a pipe line to transport natural gas from Alberta to Ontario and Quebec have been overcome.

You enacted a measure to authorize the Canadian National Railway Company to extend its lines in Northern Quebec and Northern Ontario.

The National Housing Act was revised and provision made to increase and broaden the supply of mortgage money so that more people with moderate incomes would be able to find facilities to assist them in building their own homes.

As required by law you made the decennial revision of the Bank Act at the present session and extended the charters of the eleven chartered banks for a period of ten years. Among the amendments made were those which permit a bank to make loans on the security of insured mortgages and to make small loans on the security of household goods and chattels. The Quebec Savings Banks Act and the Bank of Canada Act were also revised.

In further recognition of the services of Canada's veterans of two World Wars and of Korea you have made amendments to the War Service Grants Act; the Veterans' Land Act; and the Children of War Dead (Education Assistance) Act; the Veterans Benefit Act; and the Pension Act.

You enacted a measure to provide for a federal contribution to the payment in co-operation with the provincial governments of pensions to disabled persons in need over the age of eighteen years. This legislation is a further instalment in the long-range social security program of the government.

During this session you completed the revision of the Criminal Code.

To meet the situation created by the decision of the courts that extra-provincial highway transport was under the jurisdiction of this parliament, you enacted a measure to provide for the regulation in agreement with the provincial authorities of interprovincial and international highway transport by provincial agencies established to regulate highway transport within the several provinces.

Other measures which you enacted included: the Ontario-Manitoba Boundary Act, 1953; the United Kingdom Financial Agreement Act, 1953; an Act respecting the National Battlefields at Quebec; the Northwest Atlantic Fisheries Convention Act; the Export and Import Permits Act; Fire Losses Replacement Account Act; the Canadian Forces Act, 1954; an Act respecting inventions by public servants; and an Act to provide diplomatic and consular immunities for Commonwealth representatives in Canada.

Amendments have been made to the Animal Contagious Diseases Act; the Explosives Act; the Telegraphs Act; the National Parks Act; the Customs Act; the Acts respecting the Northwest Territories; the Senate and House of Commons Act; the Salaries Act; the Members of Parliament Retiring Allowances Act; the Patent Act; the Post Office Act; the Export Credits Insurance Act; the Emergency Gold Mining Assistance Act; the Department of Transport Act; the Radio Act; the Public Service Superannuation Act; the Judges Act; the Royal Canadian

Mounted Police Act, the Navigable Waters Protection Act; the Canadian Citizenship Act; the Vocational Training Co-ordination Act; the Research Council Act; the National Harbours Board Act; the Opium and Narcotic Drug Act; the Atomic Energy Control Act; the Excise Tax Act; the Excise Act; the Act respecting the superannuation of Government employees transferred to crown corporations; the Income Tax Act; and the Customs Tariff.

Members of the Houses of Commons:

I thank you for the provision which you have made for all essential services for the current fiscal year.

Honourable Members of the Senate:

Members of the House of Commons:

In relieving you from attendance upon your parliamentary duties I pray that Divine Providence may guide and bless you.

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